

ANNEX 2 - BUSINESS CLEARANCE MEMORANDUM (BCM No. 19-0074)

SECTION I – COVER AND SIGNATURE PAGES

Type of Procurement Action: <input type="checkbox"/> Sealed Bidding <input type="checkbox"/> Full and Open Competition <input type="checkbox"/> Negotiated Under 10 U.S.C. 2304(b)() <input type="checkbox"/> Negotiated Under 10 U.S.C. 2304(c)(5) <input type="checkbox"/> Negotiated Under 40 U.S.C. 541 Brooks Act <input type="checkbox"/> Negotiated Pursuant to Changes Clause <input type="checkbox"/> Definitization of Letter Contract <input type="checkbox"/> Final Price (Incentive, Redeterminable, or EPA) <input checked="" type="checkbox"/> Multiple Award Contract (MAC) Task Order/Delivery Order: <input checked="" type="checkbox"/> Order Competed Under Fair Opportunity	Type of Clearance: <input checked="" type="checkbox"/> Pre-Negotiation <input checked="" type="checkbox"/> Post Negotiation <input type="checkbox"/> Letter Contract
Solicitation/Contract Number: SeaPort-e Solicitation N66001-18-R-3502 / Contract N00178-04-D-4091 Task Order N66001-19-F-3501	
Activity: Naval Information Warfare Center Pacific (NIWC PAC), Code 58120	
Contractor(s): Northrop Grumman Systems Corporation Technology Services Sector (Cage: 5FVX5; DUNS: 07850250) Address: 2340 Dulles Corner Boulevard City/State: Herndon, VA 20171	
Subcontractor(s): (b)3, (b)4 (b)3, (b)4	
Program: Marine Corps Cyber Operations Group (MCCOG) Cyber Defense of the Marine Corps Enterprise Network (MCEN) Description of Supplies/Services: The Government is acquiring technical engineering and program management services to support carrying out a technical subset of the doctrinal DOD Cyber Security Service Provider (CSSP) functions. (b)3 (b)3 (b)3 The Government's goal is to disrupt, deny and degrade network adversaries' ability to influence the confidentiality, integrity, availability, authentication and non-repudiation of IT services provided to users on joint networks.	

Pricing Structure Cost Plus Fixed Fee (CPFF)	Proposal	Pre-Post Neg.	
Cost (Excluding COM)	(b)4		
Cost of Money			
Total Cost			
Fee/Profit			
Prime Fee (8%)			
Subcontractor Fee (6.90%)			
CPFF Total			
Ceiling Price			
Sharing Arrangement:			
Clearance Total (CPFF):	\$59,404,094.07	\$59,404,094.07	

Performance Period:
Start: Date of Award Finish: Five (5) years thereafter

Prepared By: (b)6

Code 22710

Date: 20 March 2019

Recommendation: Based on the information provided herein, request authority to award SeaPort-e Contract N00178-04-D-4091 Task Order N66001-19-F-3501 without negotiations to Northrop Grumman Systems Corporation for a total contract value of **\$59,404,094.07** (CPFF). The proposal from Northrop Grumman Systems Corporation is documented herein, based on the documentation reviewed by the Contracting Officer, to be fair and reasonable and representative of the best value to the Government.

(Note: Per FAR 15.404-4(c)(4)(ii), the Contracting Officer's signature on the price negotiation memorandum documents that the statutory price or fee limitations have not been exceeded.)

Contracting Officer:

Signature: _____

Printed Name: Jacob Ward, Branch Head, 22710

Phone: 619-553-9046

Date _____

Digitally signed by
WARD JACOB.P.1368130245
DN: cn=US, o=U.S. Government, ou=DoD,
ou=PKI, ou=USN,
cn=WARD JACOB.P.1368130245
Date: 2019.03.26 12:36:40 -0700

Legal Counsel (If applicable): (b)6

Signature: _____

Printed Name: (b)6 Associate Counsel, 35100

Phone: _____

Date: _____

Unconditional Approval ☒ X

Not Approved ☐

Conditional Approval ☐

Conditions (If applicable):

SECTION II. KEY DOCUMENTS/EXHIBITS/ATTACHMENTS.

A. Summary of Key Documents. Identify and date each key document.

1. **Acquisition Strategy/Plan:** An Individual Streamlined Acquisition Plan with Services (ISTRAP-M) was signed and approved on 07 August 2018.
2. **Procurement Request (PR):** A basic PR package (e.g. PWS and IGCE) was received from the Technical Code on 01 March 2018.
3. **Solicitation:** The Request for Proposal (RFP) was issued 09 October 2018 via the SeaPort-E Portal with a closing date of 08 November 2018. Subsequently six (6) amendment were issued as follows:

Table 1. Summary of Amendments/Question and Answers		
Amendment No.	Date Issued	Purpose of Amendment
N/A	09 October 2018	Original RFP released with a proposal closing date of 08 November 2018
0001	16 October 2018	Amendment 0001 was issued to correct the Zone of Performance from Zone 3, Mid-Atlantic Zone to Zone 2, National Capital.
0002	17 October 2018	Amendment 0002 was issued to extend the proposal due date from 08 November 2018 to 14 November 2018.
0003	23 October 2018	Amendment 0003 was issued to update Provision L-2 Task Order Proposals to include reference to Attachment #4 - MCWP 5-10 Marine Corps Planning Process, dated 02 May 2016; updated Attachment #1 - Performance Work Statement to include active hyperlinks and reference to MCWP 5-10 under paragraph '4.0 Applicable Directives/Documents; updated Exhibit A - Contract Data Requirements List, CDRL A003 Conference Minutes; Added Attachment #4 - MCWP 5-10 Marine Corps Planning Process, dated 2 May 2016; added Attachment 5 - Organization Chart, dated 23 October 2018; added Attachment 6 - DCO Division Overview, dated 22 October 2018.
0004	01 November 2018	Amendment 0004 was issued to update clause C-3 KEY PERSONNEL to include one additional key person (Data Science Subject Matter Expert) and provided a revised Performance Work Statement, dated 01 November 2018.
0005	02 November 2018	Amendment 0005 was issued to extend the proposal due date from 14 November to 28 November 2018.
0006	08 November 2018	Amendment 0006 was issued update clause C-3 KEY PERSONNEL to remove one key person (Data Science Subject Matter Expert; Revised PWS paragraphs 12.1, 12.2, 12.3, and 12.4, provided a Performance Work Statement, dated 8 November 2018.

4. Contractor(s) Proposal(s): (b)(4)

(b)(4)

6. Northrop Grumman Systems Corporation (Prime); (b)(4)

(b)(4)

5. Proposal Evaluation Report(s):

- **DCAA/DCMA Report(s):** Defense Contract Audit Agency (DCAA), Defense Contract Management Agency (DCMA) reports and memorandums are referenced throughout this clearance and provided in the contract file.
- **ACO Report(s):** N/A
- **Subcontractors Un-sanitized Cost Proposals:** Subcontractor proposals are provided in the electronic contract file.
- **Technical Evaluation:** Source Selection Evaluation Board (SSEB) Consensus Report completed and dated 06 January 2019.
- **Cost Advisory Report:** N/A - Other than the field pricing reports provided by DCAA/DCMA, there are no other cost-related reports provided for this procurement.
- **Past Performance Report:** The contractor and their subcontractors were deemed responsible via the System for Award Management (SAM), Federal Awardee Performance and Integrity Information System (FAPIIS), Vets-4212, and Past Performance Information Retrieval System (PPIRS).
- **Management Evaluation Report:** N/A

6. Other documents as appropriate: N/A**B. Attachments:**

BCM Attachments are listed in the order they appear in the body of the clearance. Attachments included are provided in Table 2.

Table 2 – Business Clearance Attachments		
Attachment	Description	Date
1	Request for Proposal N66001-18-R-3502; including six (6) amendments	09 October 2018
2	SSEB Consensus Report	06 January 2019
3	Source Selection Plan	29 October 2018
4	Performance Work Statement – Revised with Amendment 0005	08 November 2018
5	Annex 9 – Government Furnished Property Compliance Checklist	19 March 2019
6	Contracting Officer Representative Designation Letter	19 March 2019
Ex. A	Exhibit A: Contract Data Requirements List (CDRL), A001- A0XX	29 October 2018

SECTION III: PRE-SOLICITATION INFORMATION

This Business Clearance Memorandum (BCM) is submitted in the format prescribed by the SPAWAR Contracts Policy and Procedures Manual (SCPPM) for Task and Delivery Orders greater than the Simplified Acquisition Threshold (SAT). This BCM documents compliance with law, executive orders, regulations, and policy as outlined in FAR 1.602-2 and documents the principal elements of the negotiated agreement in accordance with FAR 15.406-3.

The purpose of this BCM is to request approval to award a Cost Reimbursement Task Order to Northrop Grumman Corporation at the price indicated on page 2, which is documented in the remainder of this BCM to be fair and reasonable, based on the review of the Contracting Officer. This effort is for one Base Period of Twelve (12) months, and Four (4) One-Year Option Periods.

A. Description of Supplies/Services.

Naval Information Warfare Center Pacific (NIWC PAC), Code 58220, has a requirement for technical and cybersecurity engineering support services for the Marine Corps Cyber Operations Group (MCCOG) Cyber Defense of the Marine Corps Enterprise Network (MCEN).

The Government is acquiring technical engineering and program management services to support carrying

(b)3

B. Background.

1. Procurement history: This requirement is a follow on to General Services Administration (GSA) Government-wide Acquisition Contract (GWAC) GS00Q09BGD0056, Task Order GSQ0016AJ0074 for the Marine Corps Cyber Defense, awarded to Northrop Grumman. The existing contract vehicle expires on 02 June 2019.

2. Acquisition environment: Market research indicated that there were no small businesses capable of meeting the needs of this requirement and that a small business set aside would be inappropriate for the planned solicitation. The solicitation for this task order was issued as an unrestricted solicitation, providing fair opportunity to all SeaPort-e contractors within Zone 2 – National Capital.

C. Independent Government Cost Estimate (IGCE). The IGCE was developed by the technical representative (b)6

The IGCE reflects historical efforts defined under the previous and current contract, planned program requirements and historical proposed labor rates. Labor categories and hours were determined based on the current level of effort from the work performed under the current contract. For the option years, a (b)3, inflation rate building from the base year rate was assumed. The estimated cost of the five (5) year effort is (b)3, (b)4 Table 3 summarizes the IGCE.

Table 3: Independent Government Cost Estimate						
	Base Year	Option Year 1	Option Year 2	Option Year 3	Option Year 4	Total
Totals	\$19,227,706	(b)3, (b)4				

D. Type of Contract.

1. A CPFF pricing arrangement is deemed appropriate as documented in the ISTRAP-M. A CPFF pricing arrangement is utilized because of the inherent uncertainties involved with this contract. It is not possible at the time of placing the contract to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of confidence. These uncertainties

preclude the award of any type of fixed price or incentive fee arrangement. ODC(s), travel and incidental material costs will be cost reimbursement only (no fee).

Northrop Grumman is registered in the System Award Management (SAM) System through 04 March 2020 with a valid DUNS number #078502520. Pursuant to FAR 16.301-3, *Cost-Reimbursement Contracts – Limitations*, a cost reimbursement may be awarded to Northrop Grumman, Inc. based on the following:

- (1) The Contract Specialist requested assistance regarding Northrop Grumman systems from DCMA Administrative Contracting Officer; William Joseph Coyne in which a memo was provided dated 23 August 2018. The memo states: *“The purpose of this final determination is to inform you that your Accounting System remains acceptable in accordance with terms and conditions of DFARS 252.242-7006, and remains approved. My determination is based on lack identified issues, potential or otherwise.”*

Table 4. Northrop Grumman- Systems		
System	System Status	Responsible Agency/Authority
Accounting	Northrop Grumman. accounting system is approved. No outstanding accounting system deficiencies noted by DCMA– Aug 23, 2018	DCMA- DFARS 252.242-7006
Estimating	Approved – Oct 31, 2017	DCMA- DFARS 215.407-5-70
Earned Value Management	Approved - Oct 22, 2018	DCMA- DFARS 234.2
Material Management & Accounting	No review due to immateriality	DCMA- DFARS 242.72
Property	Approved – Aug 20, 2018	DCMA- FAR 45.105
Purchasing	Approved – Jan 19, 2018	DCMA- DFAR 252.244-7001
Cost Accounting Standards Disclosure Statement	Adequate/Compliant 20 July 2015	DCMA- FAR 30.202-7

Based on DCMA’s opinion and most recent information available on Northrop Grumman’s system status/comments provided above, the PCO has determined that the risk assumed by the Government in awarding a CPFF award to Northrop Grumman is minimal and mitigated by the historical information provided by DCMA/DCAA. The contracting officer has taken FAR 16.104 into consideration and made a determination that agreeing to a contract type other than firm fixed price for this effort with Northrop Grumman is in the best interest of the Government.

- (2) Appropriate Government surveillance during performance will provide reasonable assurance that efficient methods and effective cost controls are used. NIWC PAC is responsible for appointing the COR and assigning roles and responsibilities via a COR Nomination and Designation Memorandum included in the file. NIWC PAC has designated a COR/ACOR to provide reasonable assurance that efficient methods and effective cost controls will be used as appropriate Government surveillance during the performance of this contract.

The COR has completed the prerequisite training and all required registrations (CPARS, WAWF, etc.,) in accordance with NIWC PAC policies and procedures.

COR: (b)6

Adequate Government resources are available to award and manage this cost type contract. Therefore, the contractor shall perform the subject effort under CPFF.

2. The proposed contract period for this requirement as solicited was for a Base Period of Twelve (12) months, and Four (4) One-Year Option Periods. Option periods will be exercised, if desired, by the Government and in the Government's best interest, in accordance with FAR 17.2. FAR Clause 52.217-9 will be included in the task order.

E. Source Selection Planning.

1. For competitive acquisitions using the source selection process.

- a. Describe the source selection process, such as a Best Value Continuum (FAR 15.101) or Lowest Price Technically Acceptable (FAR 15.102).

In this acquisition, pursuant to FAR Subpart 16.505(b)(1), Orders under multiple award contracts—Fair Opportunity, the Government will award a SeaPort-e task order to the offeror whose proposal represents the best value to the Government by using the tradeoff process source selection approach defined at FAR Subpart 15.101-1 Best Value Continuum; i.e., an approach which permits trade-offs among price and non-price factors and allows the Government to accept other than the lowest priced proposal. The evaluation criteria for this competition will include **Factor 1: Cyber Incident Response Scenario** and **Factor 2: Key Personnel Qualifications**.

The non-cost evaluation factors, when combined, are more important than cost. The DoD Source Selection Procedures of 31 March 2016 were considered, but the contracting officer determined that a streamlined approach to source selection as allowed by FAR 16.505 was in the best interest of the Government.

- b. Describe the source selection organization, evaluation criteria, and basis for award as contained in the solicitation (Attachments may be used).

As specified in the solicitation Section M: Evaluation Factors for Award, offerors were advised that the Government intended to award one task order as a result of this solicitation in accordance with FAR 16.505, and the Government intended to make an award based upon initial proposals. The solicitation specified the task order resulting from the solicitation would be awarded to the offeror whose proposal, conforming to the solicitation requirements, was determined to provide the best value to the Government on the basis of the merits of the proposal and the offeror's capability. Offerors were advised this may not necessarily be the proposal offering the lowest cost, nor receiving the highest technical rating. The solicitation stated evaluation factors (other than cost) were more important than cost. The solicitation further stated the Government reserved the right to award to a lower cost offeror when the proposals were considered essentially equal in terms of technical capability, or when specific strengths and/or benefits associated with a technically superior proposal did not support the payment of any associated cost or price premium. In summary, cost/technical capability tradeoffs would be made between the proposals submitted.

The proposals received were evaluated using the following evaluation factors as outlined in the solicitation (in descending order of importance):

Technical Factor 1: Cyber Incident Response Scenario:

The best responses will be those that utilize a holistic approach across the entire scope of work. The following will be evaluated on all proposals:

- 1.) The extent to which the Offeror is able to demonstrate the capability to properly and adequately respond to major cyber threats.
- 2.) The extent to which the Offeror is able to demonstrate the capability of utilizing the spectrum of DCOS capabilities requested in the Task Order RFP/PWS.
- 3.) The extent to which the Offeror is able to demonstrate the capability of addressing major event handling such as communications, situational awareness, lessons learned collection and training after the event, understanding of operational impacts, etc.

The Technical Evaluation factor does not have formal sub-factors that will be rated separately. The rating for the Cyber Incident Response Scenario will be based on the overall evaluation of the areas listed.

Technical Factor 2 - Key Personnel Qualifications:

The evaluation will consider the relevant experience and education of the Offeror's proposed key personnel in performing work that is similar in nature, scope, magnitude, and difficulty to that required by this task order.

Any proposal rated "Marginal" or below for Technical Factor 1 (Cyber Incident Response Scenario) or for Technical Factor 2 (Key Personnel Qualifications) will be eliminated from award consideration.

F. Special Provisions. Discuss any special provision not included in discussion under Type of Contract above, such as the following:

1. Deviations from FAR, DFARS, NMCARS, or other DoD or Departmental regulations (DFARS Subpart 1.4/NMCARS 5201.403). **N/A**
2. Unusual controverted (disputed) cost clauses/re-opener clauses. **N/A – None used.**
3. Design to Cost (FAR 7.105(a)(3)(i)). **N/A – None used.**
4. Organizational Conflicts of Interest (FAR 9.504).
-- Not applicable to this procurement. No Organizational Conflicts are anticipated.
5. Small business incentive (FAR 19.705-5(a)(4) and DFARS 19.203). **N/A – None used.**
6. Wage determinations required by the Labor Standards Statute (FAR 22.1003-1) or the Construction Wage Rate Requirements Statute (FAR 22.402 and 22.403-1). – **N/A**
7. Source Restrictions, such as Buy American or 10 U.S.C 2533a or b (FAR Part 25/DFARS Part 225). – **N/A**

8. Rights in technical data (FAR Part 27/DFARS Part 227). No Rights in technical data were asserted.
9. Unusual contract financing clauses, i.e., milestone billings, advance payments etc. (FAR Part 32/DFARS Part 232). N/A – Unusual financing terms will not be used for this procurement.
10. Government Furnished Equipment/Material/Property (FAR Part 45/DFARS Part 245). Government Furnished Property (GFP) is not anticipated on this contract. In accordance with existing GFP requirements as found in FAR, DFARS and DoD Policy ASN (FM&C) 4340 dated 28 November 2016, Annex 9 GFP Compliance Checklist is included as attachment 5 of this BCM.
11. Warranty provisions to include cost benefit analysis (DFARS 246.704) and approval. N/A – Warranty provisions will not be used in this procurement.
12. Security Classification (DD Form 254). As reflected in the Statement of Work, the level of security for this order is expected to be up to and includes TOP SECRET/SCI. A Contract Security Specification for a TOP SECRET clearance (DDFORM 254) and appropriate clauses will be included in the contract. The level of security and security requirements are specified in the DD254.
13. Determination of Personal/Non-Personal Services (FAR 37.103)
A Non-Personal Services Determination was completed and provided by Code 58220 on 4 October 2018.
14. Award Fee Plan. N/A
15. Use of non-DoD contract vehicle (NMCARS 5217.7802). N/A
16. DD Form 2579 Small Business Coordination Record (DFARS 219.201) A Small Business Coordination Record via SeaPort-e was approved on 1 May 2018 by Small Business Administration Procurement Center Representative (b)(6)
17. Non-Performance based acquisition (NMCARS 5237.170-2). N/A – This is a performance based acquisition.

G. Solicitation Review and Compliance.

The solicitation for this order is in agreement with the approved Individual Streamlined Acquisition Plan with Services (ISTRAP-M), dated 16 July 2018. No changes have been made to the contract strategy described within the approved ISTRAP-M in the award of the current task order. Legal review of the solicitation was completed by NIWC Legal Counsel (b)(6) on 24 September 2018. A Local Peer Review for the solicitation was conducted and approved on 2 October 2018.

H. Synopsis. Give date of synopsis in Government-wide Point of Entry (GPE). If procurement was synopsisized in a location other than GPE, provide information.

A synopsis was issued prior to the basic SeaPort-e contract. A separate synopsis for this task order is not required; see exception at FAR 5.202(a)(6). In order to address SeaPort-e's advanced planning notification

for SeaPort-e contractors, a Request for Information (RFI) was issued on 01 March 2018 with a closing date of 16 March 2018.

SECTION IV – SOLICITATION

Discuss events during the solicitation process.

A. Pre-bid conferences (FAR 14.207), pre-solicitation conferences (other than Industry Days described in Section III above), pre-construction orientations, or other exchanges with industry before receipt of proposal (FAR 15.201). N/A – None were conducted.

B. How the solicitation was made available. – The solicitation was made available via the SeaPort-e Portal on 09 October 2018.

C. Questions received and answered. – There were a total of sixty-five (65) questions received from industry during the solicitation announcement that the Government answered. (Ref. Section C2.3 of the Electronic Contract File)

D. Amendments issued and resultant changes to acquisition planning. – A total of six (6) amendments were issued as detailed in Table 1 herein. (Ref. Section C2.2 of the Electronic Contract File)

E. Protests before closing of the solicitation. N/A – No protests were received prior to the solicitation closing.

F. Extent competition solicited and secured. – The Government received (b) (4) proposals in response to the solicitation on 28 November 2018. Per the RFP, this action provided “Fair Opportunity” (i.e. – full and open competition) to all contractors within the SeaPort-e designated Zone 2, National Capital.

G. Oral presentations (FAR 15.102). -- N/A – Oral presentations were not used in the solicitation.

H. Summary table of proposals. -- The table below represents a summary of all Offerors and their proposed costs, in ascending order:

Table 5: Summary of Proposals						
Offeror	Base Year	Option Year 1	Option Year 2	Option Year 3	Option Year 4	Grand Total
Northrop Grumman	\$12,422,062.54	(b)3, (b)4				
(b)3, (b)4						

SECTION V – PRE-NEGOTIATION ANALYSIS

Since discussions were not required for this acquisition, the following information is intended to serve as both a Pre & Post analysis.

A. Technical Evaluation (FAR 15.305(a)(3)).

The SSEB thoroughly evaluated the technical proposals received in accordance with the evaluation criteria provided in the Source Selection Plan and Section M of the solicitation and documented their findings in the SSEB Consensus Evaluation Report dated 06 January 2019 (Attachment 2). In accordance with the solicitation, offerors were evaluated using a four-step proposal evaluation process, Step one (1) Acceptability of the Offeror, Step Two (2) Evaluation of the Technical Factors, Step Three (3) Evaluation of Proposed Price/Cost and Cost Realism, and Step Four (4) Trade-Off Process/Source Selection Decision. A summary of the technical findings is provided in the table below (Ref. Section E1 of Electronic Contract File).

Table 6: Summary of Technical Evaluation			
Offeror	Acceptability of the Offeror	Factor 1: Cyber Incident Response Scenario	Factor 2: Key Personnel
Northrop Grumman	(b)3, (b)4	(b)3, (b)4	(b)3, (b)4
(b)3, (b)4			

B. Past Performance Evaluation (FAR 15.305(a)(2)). -- Past performance was not an evaluation factor under this solicitation. However, the offeror recommended for award is determined to be responsible and financially stable pursuant to FAR 9.103, *Contractor Qualifications – Policy*, and *Contractor Qualifications – Standards*, based on the following:

Past Performance was reviewed to determine responsibility IAW FAR Subpart 9.1, *Contractor Qualifications – Responsible Prospective Contractors*, in the Past Performance Information Retrieval System (PPIRS). The assessment reports found in the PPIRS system were at an overall rating of Satisfactory or above. The Federal Awardee Performance and Integrity Information System (FAPIS) did not contain any negative report cards.

C. Other Non-Cost Factor Evaluation. For each subfactor under any non-cost evaluation factor, give the adjectival or raw score for each Offeror. Show the weighting or other means of determining an overall score for the factor. Discuss any clarifications obtained in the process of the evaluation or other communications with Offerors before establishment of the competitive range (FAR 15.306). Summarize the weaknesses and deficiencies of each Offeror. N/A – all provided in paragraph A and B above.

D. Cost/Price and Profit/Fee Analysis (FAR 15.305(a)(1)). Based on the findings of the Source Selection Evaluation Board, the Contract Specialist will **only** evaluate cost/price for those Offerors found to be Technically Acceptable for award under this solicitation (Northrop Grumman (b)3, (b)4 (b)3, (b)4 Northrop Grumman (b)3, (b)4 were the only two (2) offerors to receive ratings of (b)3, (b)4 on both technical evaluation factors.

1. Price analysis (FAR 15.404-1(b)).

Table 7: Summary of Technically Acceptable Offerors				
Offeror	IGE	Proposed Price	Delta from IGE	% Diff. from IGE
Northrop Grumman	(b)3, (b)4	\$59,404,094.08	(b)3, (b)4	(b)3, (b)4

a. The price analysis was performed in accordance with the evaluation criteria found in the solicitation. Other resources used for price comparisons for the analysis were the IGE and comparison of the proposals with each other.

- **Northrop Grumman** submitted the (b)3, (b)4 proposal of \$59,404,094.08. The proposed price for Northrop Grumman is (b)3, (b)4 the established IGE and (b)3, (b)4 (b)3, (b)4 the next acceptable Offeror, (b)3, (b)4

(b)3, (b)4

All of the technically acceptable Offerors submitted overall price proposals that were (b)3, (b)4 the IGE. The price analysis was based on awarding the Base Item and the Option Items in accordance with FAR clause 52.217-5 Evaluation of Options. The discrepancy between the proposals and the IGE is partially attributed to the changes made to the PWS requirements during the solicitation phase, which changed the requirement for Top Secret Clearance for all labor categories, to Top Secret requirement for only 50% of the labor categories. This change impacted the cost associated with obtaining personnel with a Top Secret clearance, however a revised IGE was not generated. See Amendments 0001-0006 for additional details. In addition, the IGE was generated utilizing GSA historical data for similar contracts and not based on actuals from the predecessor contract due to NIWC PAC not administering or being privy to the data on that contract. The lack of historical data from the existing contract led to the IGE being (b)3, (b)4 to account for uncertainties in cost. It is also noted, that while the cost proposals are (b)3, (b)4 than the IGE, the Offerors provided proposals that are comparable to each other which indicates that the Offerors have a clear understanding of the requirements.

- b. Document how the price was determined to be fair and reasonable. If determining price reasonableness based on adequate price competition, the clearance should address the criteria of FAR 15.403-1(c)(1). If prices are set by law or regulation, specify the basis for the price cited (FAR 15.403-1(c)(2)). While there is considerable variation between the price proposed by the Offerors and the IGE, there is smaller variation between the Offerors when compared to each, a difference of (b)3 between Northrop Grumman (b)3, (b)4. Based on the competitive nature of the proposals, and the closeness of the two proposals, it is determined that Offerors have a clear understanding of the requirements, and are deemed fair and reasonable.

SeaPort-e CAP Rate – The Contract Specialist verified that the proposed fee, escalation and pass-through rates are within the contractually specified maximum SeaPort-e CAP rates. Below is a table (Table 8) for comparison of proposed rates to their maximum CAP rates.

Table 8: SeaPort-e CAP Rates						
Offeror	Fee Proposed	CAP Rate	Escalation Rate Proposed	CAP Rate	Pass Through Rate Proposed	CAP Rate
Northrop Grumman Corporation	(b)3, (b)4					
(b)3, (b)4						

2. Cost evaluation (FAR 15.404-1(c)).

a. Provide a summary comparison for each Offeror in columnar format of (i) the offeror's proposal, (ii) the audit recommendations (FAR 15.404-2(c)), if requested, (iii) the field pricing recommendations (FAR 15.404-2(a)), if requested, and, (iv) the pre-negotiation position by elements of cost. A proposal analysis was conducted by the CS in accordance with FAR 15.404-1(c), *Cost Analysis*, and FAR 15.404-1(d), *Cost Realism Analysis*, in order to determine whether the estimated proposed costs are realistic for the work to be performed; reflect a clear understanding of the requirements; and are consistent with the unique methods of performance described in the Offeror's technical proposal.

Table 9: Prime Contractors			
Offerors	Proposed	Cost Realism Adjustment	Adjusted Total Cost
Northrop Grumman System Corporation	\$59,404,094.07	(b)3, (b)4	
(b)3, (b)4			

Evaluation of Direct Labor Rates: In order to verify the realism of the offeror's/subcontractor's proposed direct labor costs, the contract specialist determined an order of preference when evaluating direct labor rates for all labor categories. Each of these elements are explained further below. Acceptable documentation includes the following:

- (1). DCAA/DCMA Forward Pricing Rate Recommendation (FPRR) or Forward Pricing Rate Agreements (FPRA);
- (2). Copies of most recent payroll run (for named, current employees), submitted by the offeror;
- (3). Copies of signed Letters of Intent that indicate agreed upon annual salary (for named, new hires), submitted by the offeror;
- (4). Economic Research Institute (ERI), Western Management Group (WMG), or Bureau of Labor Statistics (BLS) data.

The contract specialist requested DCAA/DCMA input for all proposed primes and subcontractors. If FPRRs or FPRAs were received, this information was considered to be the most reliable for evaluating direct labor. Such recommendations or agreements from DCAA/DCMA indicate that field pricing experts have reviewed a company's costs and financial records in detail. Therefore, such recommendations or agreements provided the contract specialist with sufficient confidence. If this information was received, it was utilized and no further analysis was conducted.

However, the contract specialist did not receive input from DCAA/DCMA in many instances. Although thorough and complete pricing assistance from DCAA/DCMA is ideal, the procurement timeline cannot indefinitely tolerate additional delays from DCAA/DCMA.

When FPRRs or FPRAs were not provided, the contract specialist used copies of most recent payroll documentation provided by the offeror or information such as signed Letters of Intent (LOI) that indicated an agreed upon annual salary (for named, new hires). Actual payroll information from the offeror verifies the rate for a particular labor category is an indication that the rate is realistic for the labor category.

If FPRR/FPRA or payroll data is not available, the contract specialist will evaluate direct rates against salary surveys such as Economic Research Institute (ERI) data.

Escalation: Escalation Analysis Summary: Data provided by the Bureau of Labor Statistics (BLS) in its seasonally adjusted Employment Cost Index (ECI) for wages and salaries shows that since September of 2008, annual escalation of “Professional, Scientific and Technical services” has ranged from 1.33% to 4.44% with an average escalation rate of 2.26%. More recently, according to the aforementioned ECI, the escalation rates for Professional, Scientific and Technical services in 2015 through 2018 ranged from 1.75% to 2.99% with an average escalation rate of 2.34%. Based on the recent historical escalation rates provided in the ECI, the contract specialist determined that labor rate escalation of anywhere from 1.75% to 3.0% is fair, reasonable and realistic. The relatively large range of escalation is especially appropriate given the current uncertainty surrounding the U.S. economy and labor market that makes it difficult to confidently predict the amount that labor rates will increase (or even decrease) over the next 2-5 years. Accordingly, any proposed escalation rate between 1.75% to 3.0% will be considered fair, reasonable, and realistic, and will be accepted as proposed.

Evaluation of Indirect Rates: The proposed indirect rates were compared to the DCMA and/or DCAA information and any inconsistencies were noted and subject to cost realism adjustments as appropriate. Provisional Billing Rates (PBR) were relied upon for indirect information only in cases where forward pricing or incurred cost submission information was not available from DCMA or DCAA. The CS recognizes that provisional billing rates are an imperfect source of data for comparison; provisional billing rates are not audited or endorsed by DCAA/DCMA and can fluctuate year-to-year. However, in the absence of better data available for comparison, provisional billing rates were considered sufficient to provide a reasonable measure of confidence that the proposed indirect rates were realistic. In the event an offeror proposed significantly lower indirect rates based on anticipated future business, the CS performed an upward adjustment to the indirect rates to reflect the most recent historical data because future business is not assured. For proposed rates that were higher than input received from DCMA/DCAA, no adjustments were made based on the assumption this is a competitive environment, and contractors are incentivized to understate rather than overstate their rates.

Other Direct Costs: RFP instructions L-3 Task Order Proposals, instructed offerors to propose stated unburdened dollar amounts for travel as Other Direct Costs (ODCs). The amounts were derived from the IGCE. The RFP states that, “Offerors shall include Other Direct Costs (ODCs) EXACTLY as specified below. It is anticipated that ODC costs will consist mainly of travel and incidental material costs. ODCs are cost only (no fee). The amounts indicated below are considered fully burdened inclusive of G&A.”

All Offers proposed the stated unburdened ODC cost of (b)(3), (b)(4) for the base and each corresponding option year) as stated in the RFP instructions. As such, no further analysis of ODCs was conducted and these costs will not be further discussed in this BCM.

Fee: Fee development is not addressed in this cost realism analysis because DFARS 215.404-4(c)(1) eliminates the need for profit analysis when assessing cost realism in competitive acquisitions. This finding will not be repeated in the following individual cost evaluations.

Rounding: Several tables in this BCM may contain minor calculation errors due to rounding. These errors are minor and do not materially impact the source selection decision. The contract specialist generally rounded dollar figures to the nearest whole dollar and accepted the highest.

Northrop Grumman Systems Corporation Proposal Evaluation

Cost Element Summary: Northrop Grumman Systems Corporation proposed a total cost of **\$59,404,094.07** for the base year and all four subsequent option periods. After a thorough cost analysis, the Government took exception to proposed costs in the amount (b)(3), (b)(4) as summarized in Table 10. The Government took exception to three (3) cost elements and the details are outlined in the cost summary and analysis below.

a. Summary of Proposal

Table 10: Northrop Grumman Systems Corporation- Summary Comparison				
Work Element	Proposed	Cost Realism Adjustment	Most Probable Cost	Ref
Prime Labor Hours	(b)(3), (b)(4)			2b(iii).
Subcontractor Labor Hours				2b(iii).
Total Hours Proposed				
Direct Labor				2b(iv).
Fringe Benefits				2b(v).
Overhead (OH)				2b(v).
G&A				2b(viii).
SSP				2b(iv).
Subcontractor Labor				2b(vi).
Other Direct Cost (ODC)				2b(vii).
Subtotal				
Fee/Profit				3
Grand Total	\$59,404,094.07	(b)(3), (b)(4)		

b. Cost Evaluation Narrative: The CS requested invoices from Northrop Grumman and (b)(3), (b)(4) for the existing contract (b)(3), (b)(4) to assist with the evaluation of cost/rates proposed, however GSA/FEDSIM was non-responsive, and Northrop Grumman provided invoices with no breakdown of rates or costs. In the absence of invoices to verify historical rates, the CS relied on third party vendors (b)(3), (b)(4) (b)(3), for comparable data. The following provides a breakdown and analysis of the cost proposed by Northrop Grumman.

- (i) **Material.** No material was associated with this procurement, nor was any proposed.
- (ii) **Material Overhead.** No material overhead charges are associated with this procurement
- (iii) **Direct Labor Hours and Labor Mix.** Northrop Grumman proposed the level of effort, labor mix, and hours specified in section L-2 of the solicitation. In addition to the labor categories and hours proposed in section L-2, Northrop Grumman also proposed additional labor categories and

hours identified below per the guidance provided in L-2 (c)(3)(ii). The additional labor categories include Program/Project Control Analyst, Business Management, Mission Assurance, Security, Contract Administration Contract Management and Subcontract Administration.

Northrop Grumman proposed (b)(3), (b)(4) hours, and of those hours, Northrop Grumman will perform (b)(3), (b)(4) would be performed by its proposed subcontractors. The table below (Table 11) is a break out of proposed hours between Northrop Grumman and its subcontractors, and proposed hours per option year. The additional labor categories are a surplus of (b)(3), (b)(4) identified in the solicitation.

Table 11: Northrop Grumman Systems Corporation - Total Proposed Labor Hours						
Prime Contractor	Base Year	OY1	OY2	OY3	OY4	TOTAL
Northrop Grumman	(b)(3), (b)(4)					
Subcontractors	(b)(3), (b)(4)					

Northrop Grumman proposed (b)(3), (b)(4) the RFP L-2 Instructions of (b)(3), (b)(4) as shown on Table 12 below. As identified in Northrop Grumman's cost proposal, the additional labor categories are necessary to perform functional program management support to meet the requirements of the PWS. The Contract Specialist consulted with the technical code 58220 who determined the additional (b)(3), (b)(4) over the life of the contract or (b)(3), (b)(4) are considered (b)(3), (b)(4)

(b)(3), (b)(4) Based on the above information the Government has determined that Northrop Grumman and its subcontractors proposed labor hours and labor mix to be (b)(3), (b)(4) complete the Government's requirement.

Table 12: Labor Category/Hours Per RFP L-2 Instructions								
Labor Category	Base	OY1	OY2	OY3	OY4	Total L-2 Hours	Total Hours Proposed	Delta
Program Manager	(b)(3), (b)(4)							
Information Assurance/Security Specialist - Journeyman								

Computer Forensic & Intrusion Analyst	(b)3, (b)4							
Applications Developer								
SME - Senior								
Network Specialist - Senior								
Database Specialist - Senior								
Information Assurance/Security Specialist - Senior								
Information Specialist/Knowledge Engineer								
Applications Systems Analyst (Senior)								
Training Specialist (Senior)								
Network Specialist - Master								
Total Direct Labor Hours								
Additional Labor Categories/Hours Proposed Outside of RFP L-2 Instructions								
Labor Category	Base	OY1	OY2	OY3	OY4	Total L-2 Hours	Total Hours Proposed	Delta
Program/Project Control Analyst	(b)3, (b)4							
Business Management								
Mission Assurance								
Security								
Contract Administration								
Contract Management								
Subcontract Administration								
Subtotal of Additional Hours								
Grand Total								

(iv) Direct Labor Rates.

Direct Labor Escalation: Northrop Grumman proposed an escalation rate of (b) over the life of the contract for all prime direct labor, which is deemed (b)3, (b)4 based on historical data queried from the Bureau of Labor Statistics (see the “Escalation” paragraph near the beginning of the “Cost Evaluation” section). Accordingly, the escalation rate proposed will be adjusted (b)3, (b)4 for the four (4) option periods. Escalation proposed at the subcontractor level, will be discussed under section 2b(viii)).

Direct Labor Rates: The solicitation instructed 12 labor categories and (b)3, (b)4 per contract year for the projected labor mix. Northrop Grumman as the prime proposed hours for (b)3, (b)4 labor categories with the exception of the Information Assurance/Security Specialist (Senior); this effort will be met solely by subcontractor labor hours. Northrop Grumman proposed a total of (b)3, (b)4 including the added administrative support staff. The CS requested DCAA/DCMA rate checks, however both agencies indicated that labor rate agreements were not established or available. In the absence of DCMA/DCAA verified labor rates, the CS verified the payroll reports for the labor categories submitted with named personnel. Northrop Grumman proposed named personnel with recent payroll data for (b)3, (b)3, (b)4 personnel. A summary of the rate analysis based on payroll data is provided in Table 13, below:

Table 13: Direct Labor Rates					
No	Labor Category	Key Personnel	Base Year Rate	Payroll Verified	Delta
1	Program Manager; (b)6	(b)3, (b)4			
2	Information Assurance/Security Specialist (Journeyman) (b)6				
3	Computer Forensic and Intrusion Analyst; (b)6				
4	Computer Forensic and Intrusion Analyst; (b)6				
5	Network Specialist (Senior); (b)6				
6	Computer Forensic and Intrusion Analyst; (b)6				
7	Computer Forensic and Intrusion Analyst; (b)6				
8	Computer Forensic and Intrusion Analyst; (b)6				
9	Computer Forensic and Intrusion Analyst; (b)6				
10	Computer Forensic and Intrusion Analyst; (b)6				
11	Computer Forensic and Intrusion Analyst; (b)6				
12	Subject Matter Expert (Senior); (b)6				
13	Computer Forensic and Intrusion Analyst; (b)6				
14	Applications Developer (Senior) – Name Missing on Payroll				
15	Network Specialist (Senior) (b)6				
16	Network Specialist (Senior)				
17	Network Specialist (Senior)				
18	Network Specialist (Senior)				
19	Network Specialist (Senior)				
20	Computer Forensic and Intrusion Analyst; (b)6				
21	Network Specialist (Master); (b)6				
22	Network Specialist (Senior);				
23	Network Specialist (Senior);				
24	Applications Developer (Senior); (b)6				
25	Database Specialist (Senior) – Name Missing on Payroll				
26	Information Specialist/Knowledge Engineer; (b)6				
27	Applications Systems Analyst (Senior); (b)6				
28	Applications Systems Analyst (Senior);				
29	Applications Systems Analyst (Senior);				
30	Applications Systems Analyst (Senior);				
31	Network Specialist (Master); (b)6				
32	Subject Matter Expert (Senior); (b)6				
33	Training Specialist (Senior); (b)6				
34	Subcontract Administrator;				
35	Security; (b)6				
36	Mission Assurance; (b)6				
37	Business Management; (b)6				

38	Contract Manager, (b)6
39	Subject Matter Expert (Senior) (b)6

For the remaining (b) personnel proposed, Northrop Grumman stated that the rate proposed is based on (b)3, (b)4. Northrop Grumman provided a list of payroll data to support the average rate calculation. In an effort to validate these rates, the CS compared the rates against the rates for named personnel, and noted that the TBD personnel are being proposed (b)3, (b)4 see Table 14. Therefore, the CS queried the Economic Research Institute (ERI) Salary Assessor website to obtain salary data based on the market surveys and place of performance (Quantico, VA). The ERI data is primarily derived from in-house salary surveys. Data is also extracted from publicly filed tax returns leased from other survey vendors or gained from Freedom of Information Act (FOIA) requests.

The CS compared the proposed rates to the range of rates provided through ERI (which spanned the 10th through 90th percentile of rates) to determine if Northrop Grumman proposed rates that were realistic. These rate ranges provided by ERI were determined based on an estimated number of years of experience required for the labor category. The 10th percentile represents the rate range low point and the 90th percentile represents the rate range high point. A summary of the rate analysis is provided in Table 14.

Table 14: Direct Labor Rates for Proposed Unnamed Personnel						
No.	Labor Category – Non-Named Personnel (TBD)	Key Personnel	Base Year Rate Proposed	ERI Range 10th - 90th Percentile	Adjusted Rate	Key Personnel Adjusted Rates
40	Program Manager – Key Personnel	(b)3, (b)4				
41-47	Computer Forensic and Intrusion Analyst - X7 Personnel					
48	Computer Forensic and Intrusion Analyst -					
49	Computer Forensic and Intrusion Analyst					
50-52	Network Specialist (Senior) X3 Personnel					
53-54	Network Specialist (Senior) X2 Personnel					
55	Network Specialist (Senior)					
56	Network Specialist (Master)					
57	Network Specialist (Master)					
58	Applications Developer (Senior)					
59	Information Specialist/Knowledge Engineer					
60-63	Applications Systems Analyst (Senior) - X4 Personnel					
64	Subject Matter Expert (Senior)					
65	Subject Matter Expert (Senior)					
66	Contract Administrator					
67	Project Control Analyst					

Based on the above rate comparison/analysis, exceptions were taken to direct labor rates that were proposed below the 10th percentile of ERI comparison salaries.

It is also noted that for (b)(3), (b)(4) key personnel labor categories, Northrop Grumman did not propose named Key Personnel for (b)(3), (b)(4) rather they proposed named Key Personnel for (b)(3), (b)(4) the rates proposed for the named key personnel in year one, as shown on Table 14. Since the Key Personnel will only be substituted out with the Government's approval (see Key Personnel clause in Section C of the RFP), the contractor will not have free rein to substitute less qualified individuals for these labor categories and therefore the rates associated with the named key personnel for the first year (plus escalation) are considered the most realistic rates for the labor categories in years two through five. Accordingly, all Key Personnel labor categories that are unnamed for years two through five will be (b)(3), (b)(4) to the most realistic and probable rate (i.e. base year rate of named personnel for respective labor category), as shown on Table 14.

As a result of (b)(3), (b)(4) an escalation rate of (b)(3), per year, the total direct labor (excluding indirect cost) is (b)(3), (b)(4) to a most probable cost of (b)(3), (b)(4)

(v) Overhead Rates.

Northrop Grumman Corporation proposed indirect rates based on its Forward Pricing Rate Proposal (FPRP) since no Forward Pricing Rate Agreement has been issued. According to Northrop Grumman, *“On 12 March 2018, the DACO/DCMA issued Forward Pricing Recommendation Rates (FPRR) based on a previous FPRP submitted on 15 December 2017, for CY 2018-2022. However, Northrop Grumman will continue proposing the FPRP until a Forward Pricing Rate Agreement (FPRA) is issued.”*

The CS reached out to Defense Contract Management Agency (DCMA) for field pricing assistance for Northrop Grumman under Cage Code 5FVX5. The DCMA Divisional Administrative Contracting Officer (DACO) (b)(6) responded to the request and provided a Business System Status Report dated 18 February 2018 and Forward Pricing Rate Recommendations (FPRR) for Fiscal Year 2019-2023. The DACO also stated that DCMA does not have a Forward Pricing Rate Agreement (FPRA). The proposed indirect rates were reviewed and determined to be (b)(3), (b)(4) with the FPRR and (b)(3), (b)(4) with FPRP submitted by Northrop Grumman to DCMA for review on 14 December 2018. Therefore, the indirect labor cost was (b)(3), to the most probable cost based on the FPRR for FY 2019, including the Option Years. The CS verified the application of indirect rates provided by DCMA; the following table reflects the verification of the rate allocation and the adjustment of the rates:

Table 15: Indirect Rates					
Ref.	Northrop Grumman Proposed Indirect Rates	Proposed Rate Base Year & OY 01-04	Allocation Base Description	DCMA FPRR 2019	Most Probable Rate Adjustment Base Year & OY 01-04
a	(b)(3), (b)(4)				
b.					
c.					
d					
e					
f					
g					
h					

- a. Fringe Benefits (FB) Core: Northrop Grumman Corporation proposed a FB Core rate of (b)(3), for the base year (FY 2019) which was applied to Direct Labor. The allocation base is in accordance with the FPRR. However, the rate was proposed at a rate (b)(3), than the FPRR of (b)(3), for the base year and option period 01, therefore an (b)(3), (b)(3), (b)(4) will be made to reflect the most probable and realistic rate of (b)(3),. No (b)(3), (b)(4) was made to Option Periods 02-04, as the rates were proposed (b)(3), (b)(4) (b)(3), (b)(4)
- b. Fringe Benefits (FB) Custom: Northrop Grumman Corporation proposed a FB Custom rate of (b)(3), for the base year (FY 2019) which was applied to Direct Labor. The allocation base is in accordance with the FPRR. However, the rate was proposed at a rate (b)(3), (b)(4) for the base year and option periods 01-04, therefore an (b)(3), adjust will be made to reflect the most probable and realistic rate of (b)(3),.
- c. Overhead (OH) Support Services 03: Northrop Grumman Corporation proposed an OH Support Service 03 rate of (b)(3), for the Base Year (FY 2019) which was applied to Direct Labor. The allocation base is in accordance with the FPRR. Since the rate proposed was (b)(3), (b)(4) the FPRR of (b)(3), for the base year and option periods 01-04, an (b)(3), adjustment is not necessary.
- d. Overhead Support Services 01: Northrop Grumman Corporation proposed an OH Support Services 01 rate of (b)(3), for the Base Year (FY 2019) which was applied to Direct Labor. The allocation base is in accordance with the FPRR. Since the rate proposed was (b)(3), (b)(4) for the base year and option periods 01-04, (b)(3), (b)(4) adjustment is not necessary.
- e. Overhead L&M Procurement: Northrop Grumman Corporation proposed an OH L&M Procurement rate of (b)(3), for the Base Year (FY 2019) which was applied to Direct Labor. The allocation base is in accordance with the FPRR. However, the rate was proposed at rate (b)(3), (b)(4) for the base year and option periods 01-04, therefore an (b)(3), adjustment will be made to reflect the most probable and realistic rate of (b)(3), (b)(4).
- f. Support Service Pool (SSP): Northrop Grumman Corporation proposed an SSP rate of (b)(3), for the Base Year (FY 2019) which was applied to (b)(3), (b)(4) (b)(3), (b)(4). The allocation base is in accordance with the FPRR. However, the rate was proposed at rate (b)(3), an the FPRR of (b)(3), for the base year and option periods 01-04, therefore an (b)(3), adjustment will be made to reflect the most probable and realistic rate of (b)(3),.
- g. General and Administrative (G&A): Northrop Grumman Corporation proposed a G&A rate of (b)(3), for the Base Year (FY 2019) which was applied to (b)(3), (b)(4) (b)(3), (b)(4). The allocation base is in accordance with the FPRR. Since the G&A rate was proposed in accordance with the FPRR for the base year and option periods 01-04, an (b)(3), adjustment is not necessary.
- h. Material Handling Services (MHX). Northrop Grumman Corporation proposed an MHX rate of (b)(3), for the Base Year (FY 2019) which was applied to Materials and Subcontracts. The allocation base is in accordance with the FPRR. Since the rate proposed was (b)(3), (b)(4) for the base year and option periods 01-04, an (b)(3), adjustment is not necessary.

Summary: Based on the above information, the Government took exception to the direct labor rates, indirect labor rates, and escalation as proposed. As a result of the aforementioned (b)(3), adjustments to the direct, indirect and escalation rates, the total proposed prime labor cost (not including fee) was adjusted from (b)(3), (b)(4) to a most probable cost of (b)(3), (b)(4)

(vi) Subcontracts.

Northrop Grumman proposed (b)(3), (b)(4)
(b)(3), (b)(4)

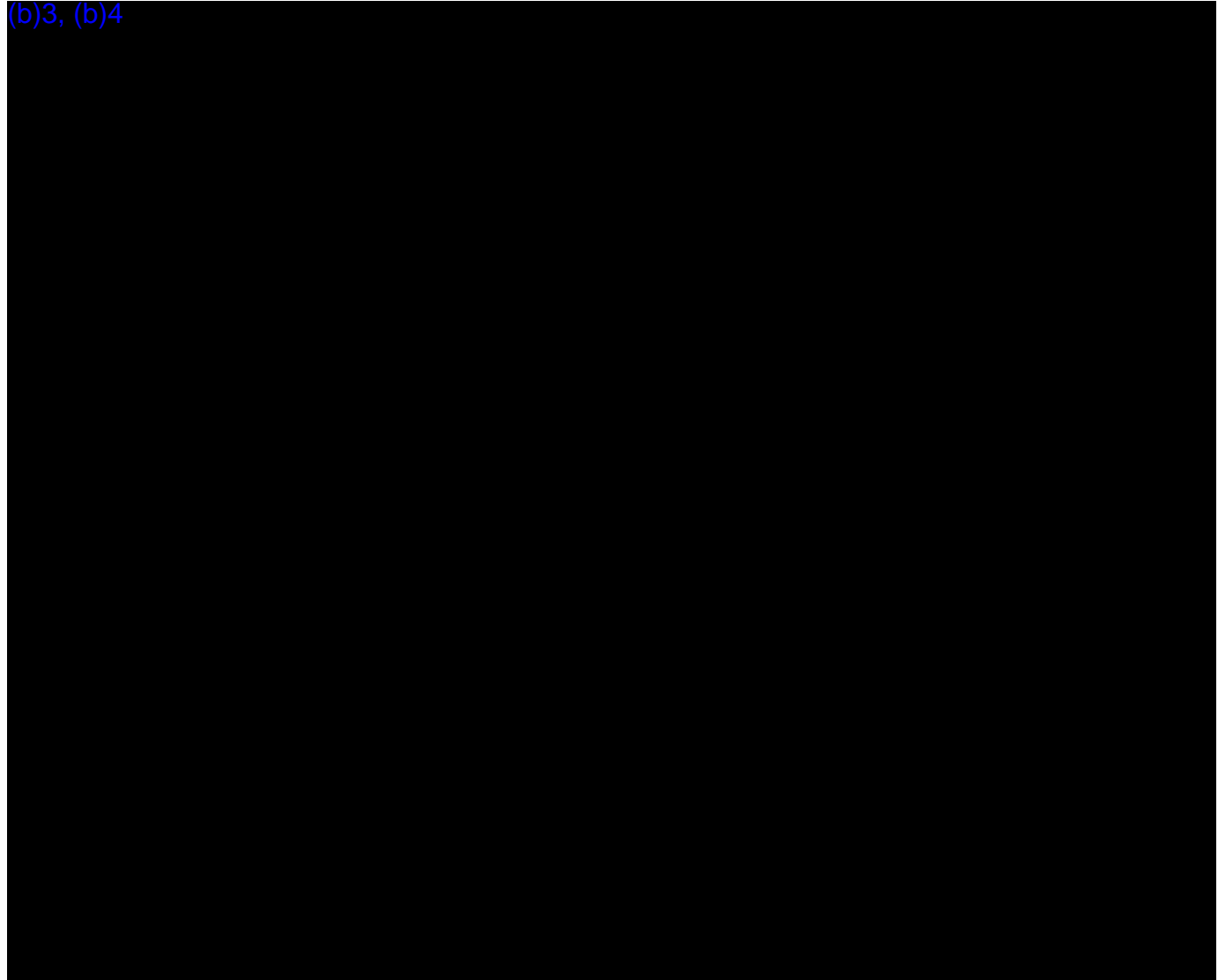
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The cost analysis completed on the subcontractors was evaluated in accordance with FAR 44.202-2, *Contracting Officer's Evaluation - Considerations*. As stated in Section III(d), DCAA's audit and opinion is that the prime contractor has been determined to have adequate accounting and property systems in which the Government has determined that Northrop Grumman has a sound basis for selecting and determining the responsibility of the following subcontractors. Northrop Grumman provided their fair and reasonable analysis for each subcontractor in which cost was evaluated and negotiated as proposed in the sanitized proposals. Northrop Grumman as the prime determined the proposed subcontractors are fair and reasonable based on the following selection and evaluation process: "NGTS has teamed with Subcontractors that provide additional capabilities to complement the proposed plan and enhance the program output."

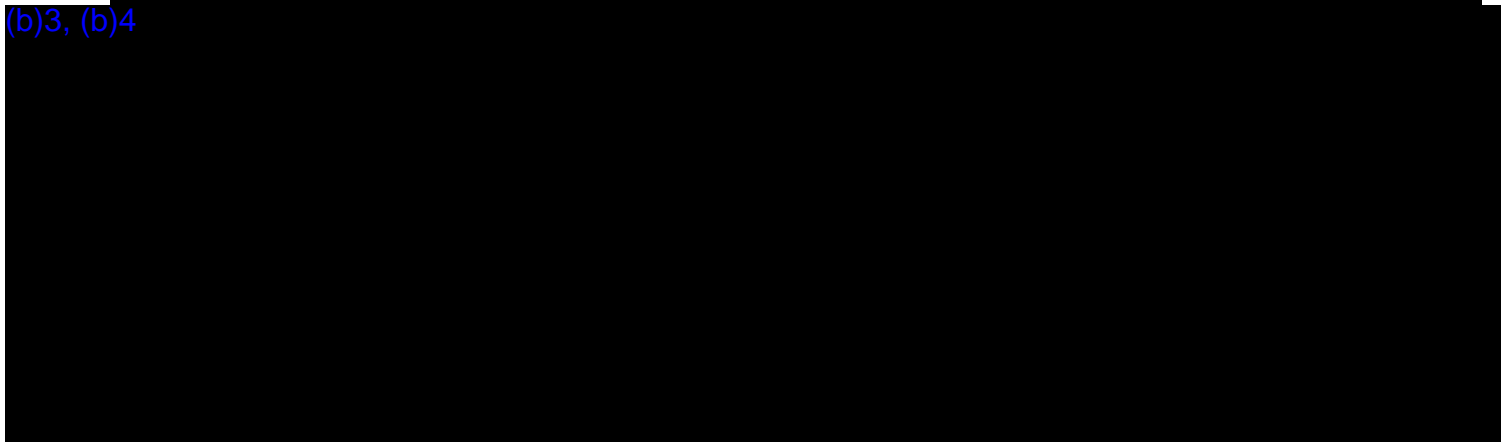
Work Element	Proposed	Un-sanitized CP	Delta	Ref
Direct Labor Hours	(b)3, (b)4			

The CS performed a cost analysis on the subcontractor burdened labor cost submitted by the prime and the un-sanitized cost proposal submitted by the subcontractors directly to the Government. The cost (b)3, (b)4 as shown on Table 17, is attributed to rounding and the use of excel formulas, and is considered a (b)3, (b)4 for the purposes of this analysis. As a result, the CS will be performing a cost analysis on the subcontractor un-sanitized proposals.

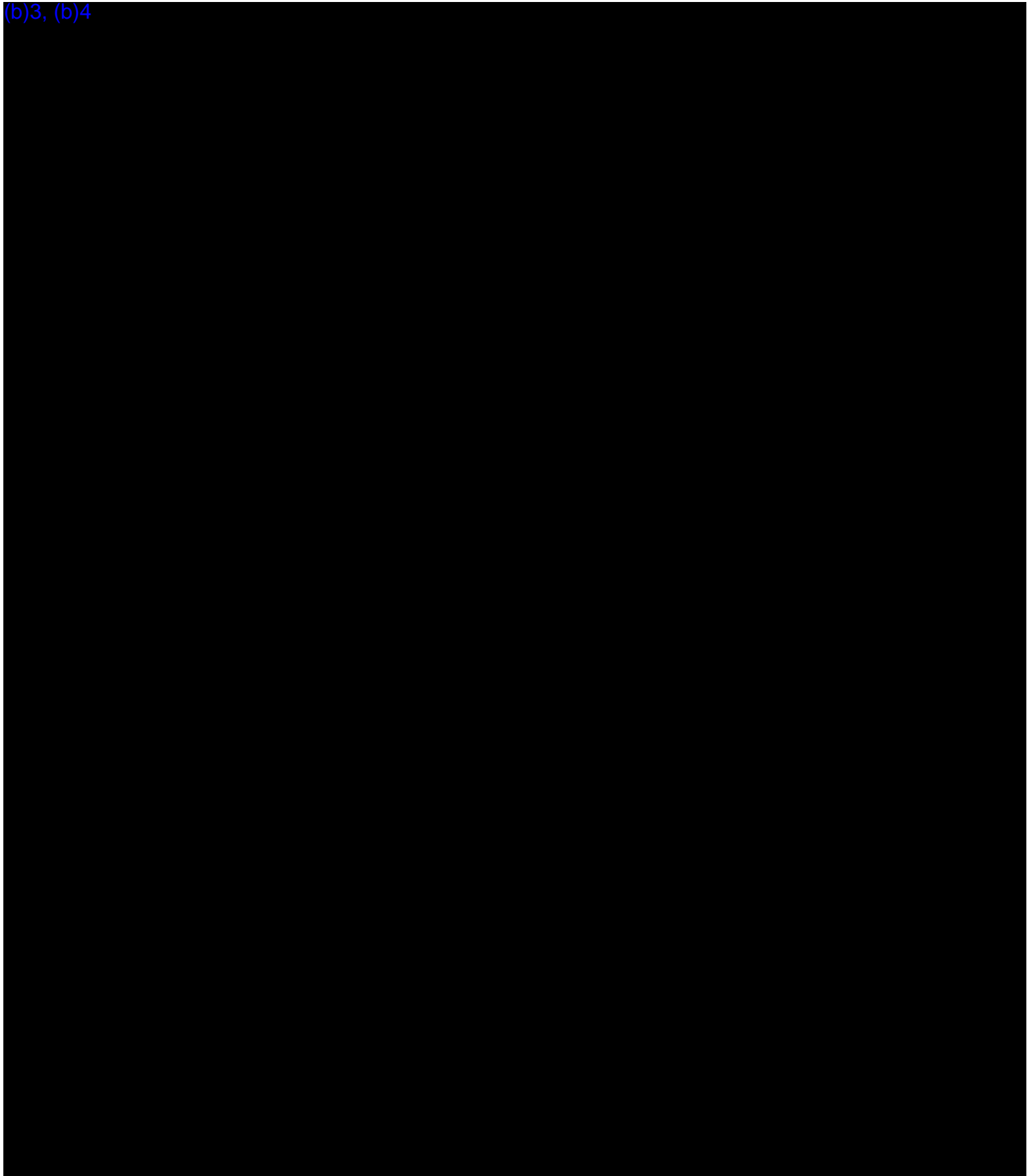
(b)3, (b)4



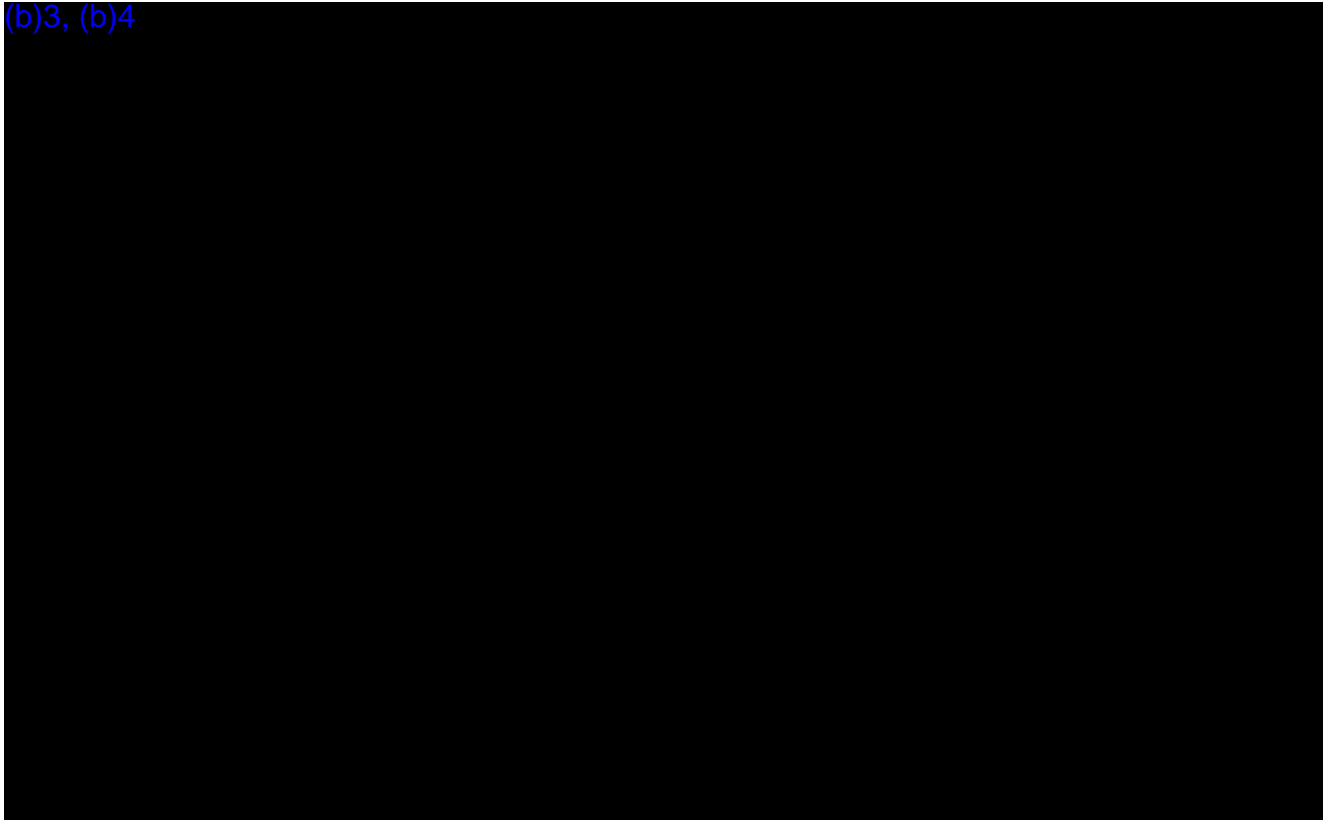
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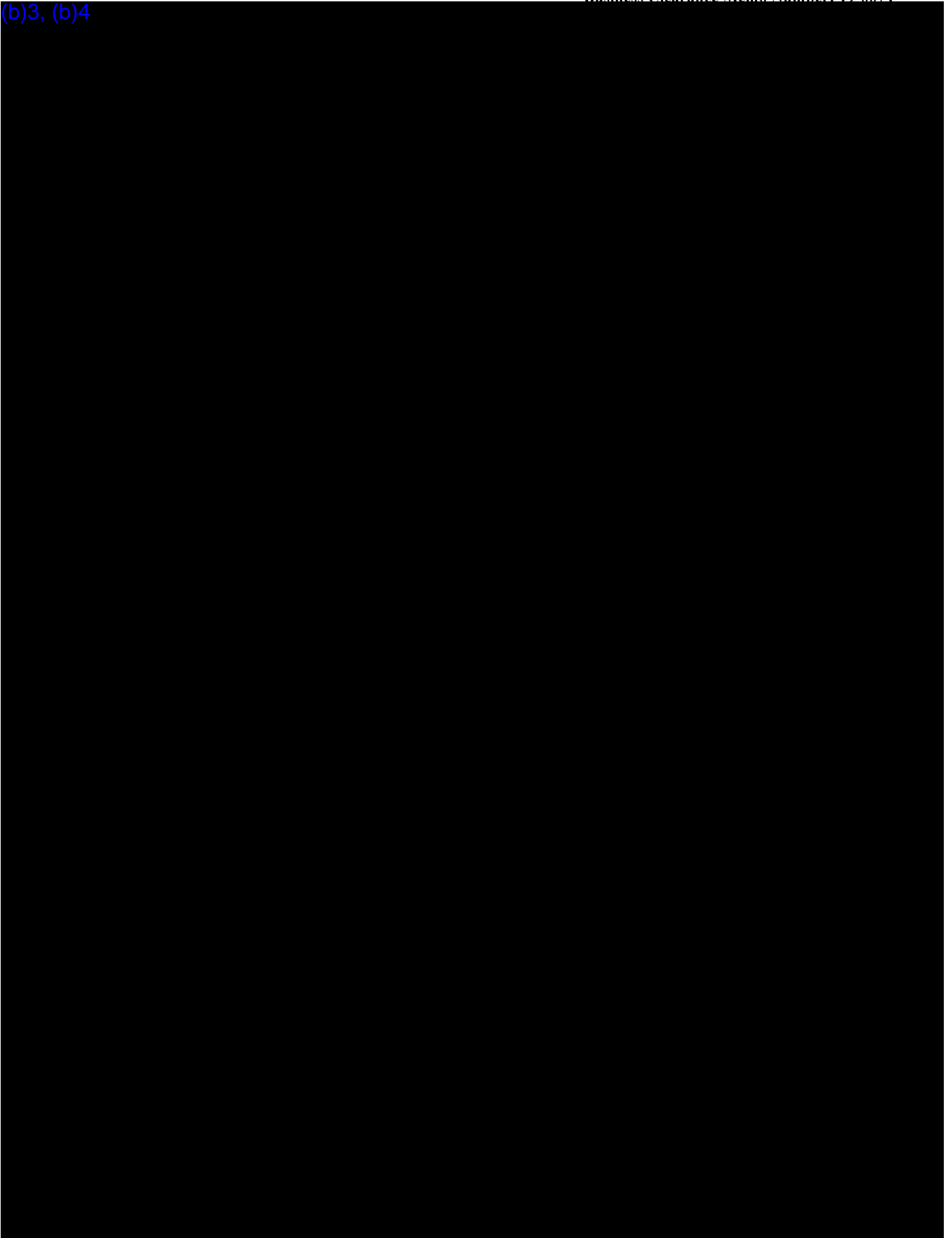
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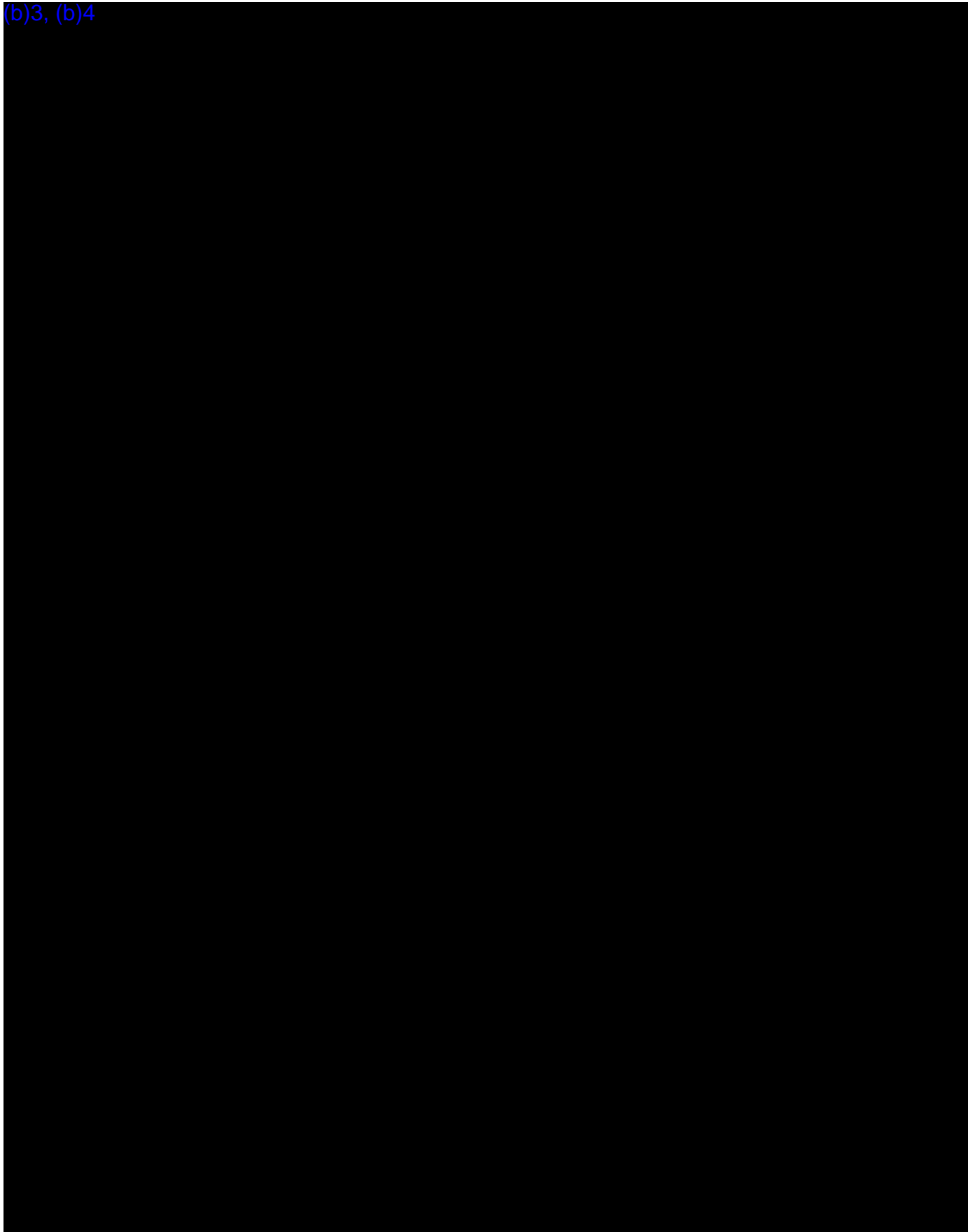
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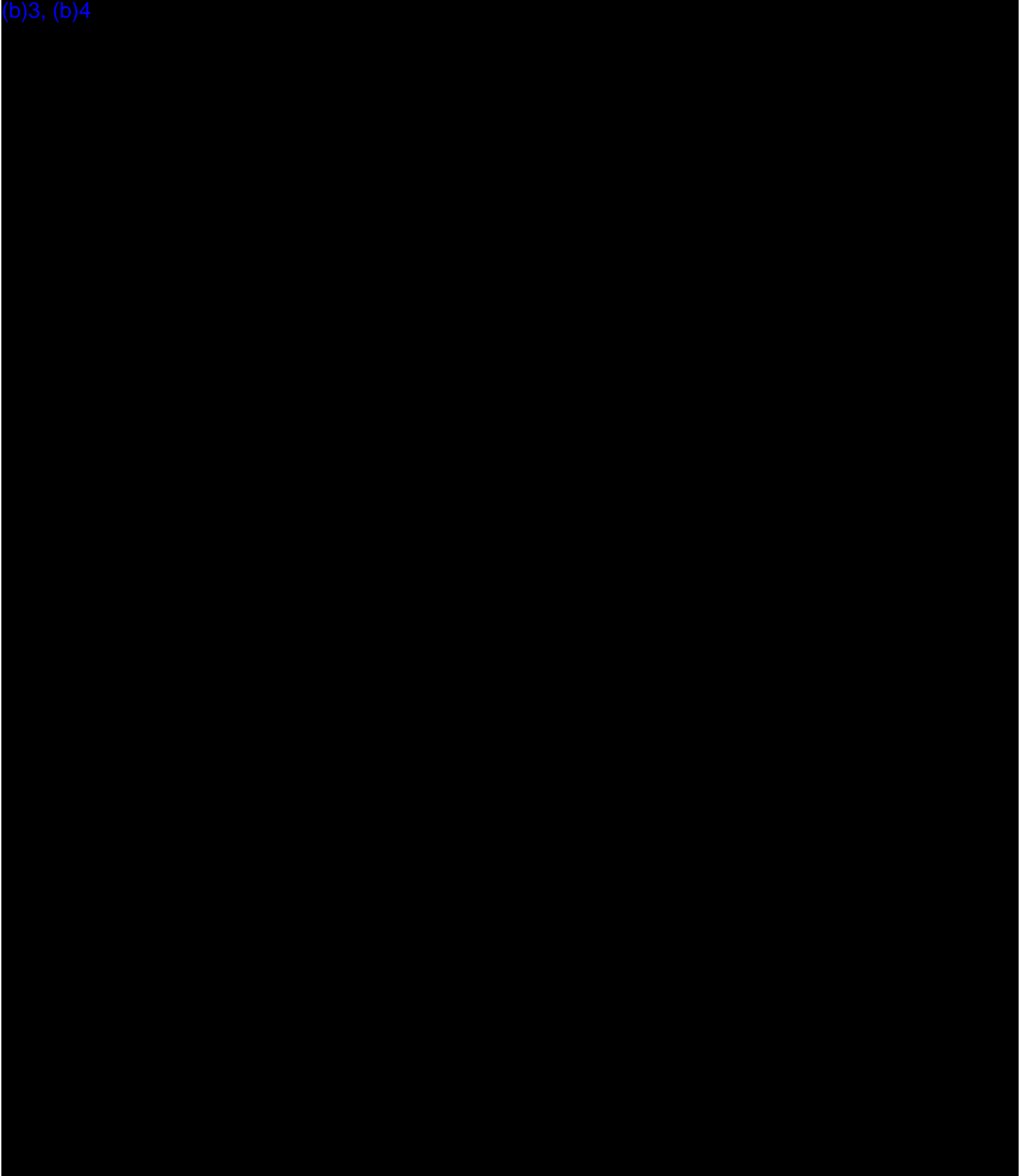
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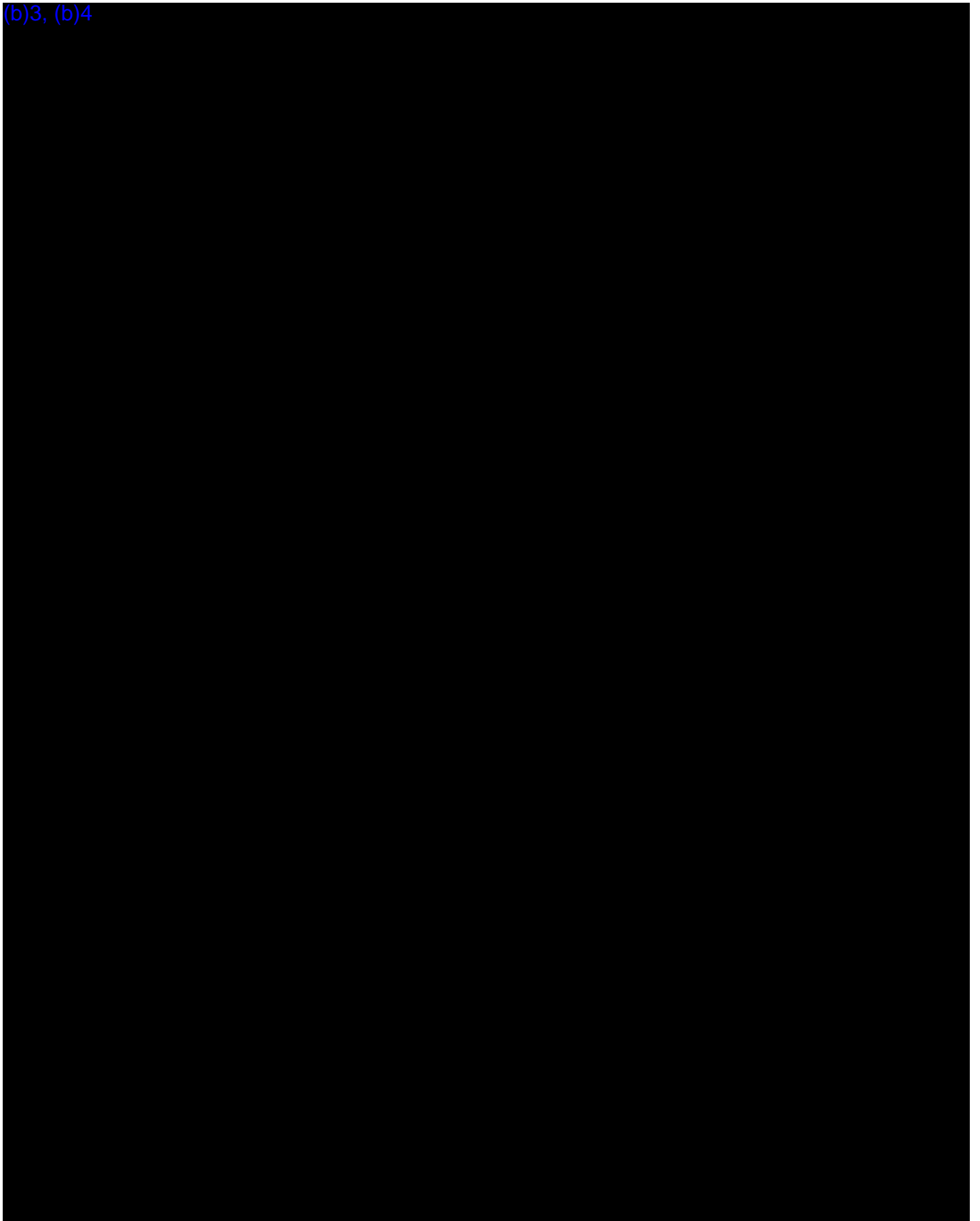
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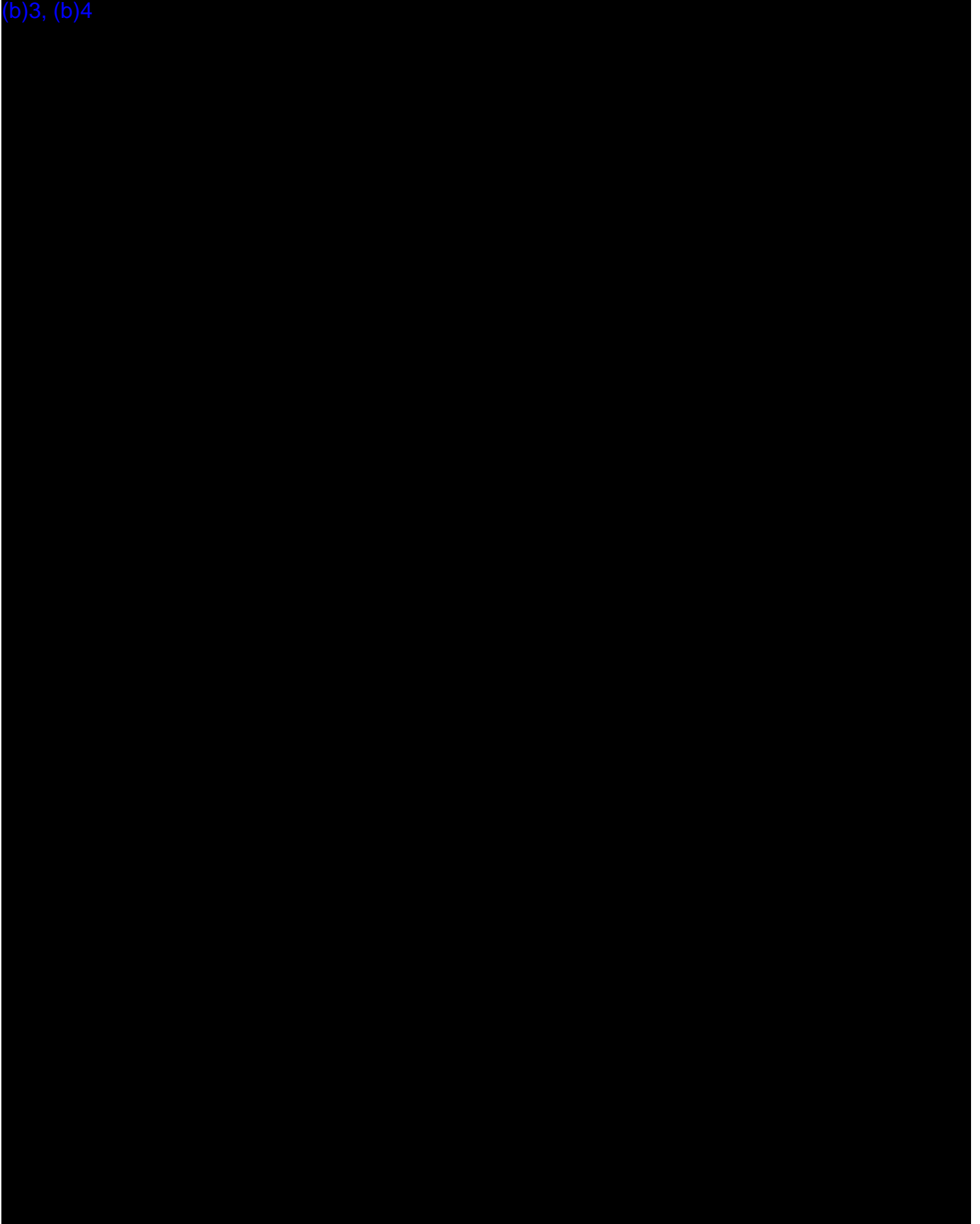
(b)3, (b)4



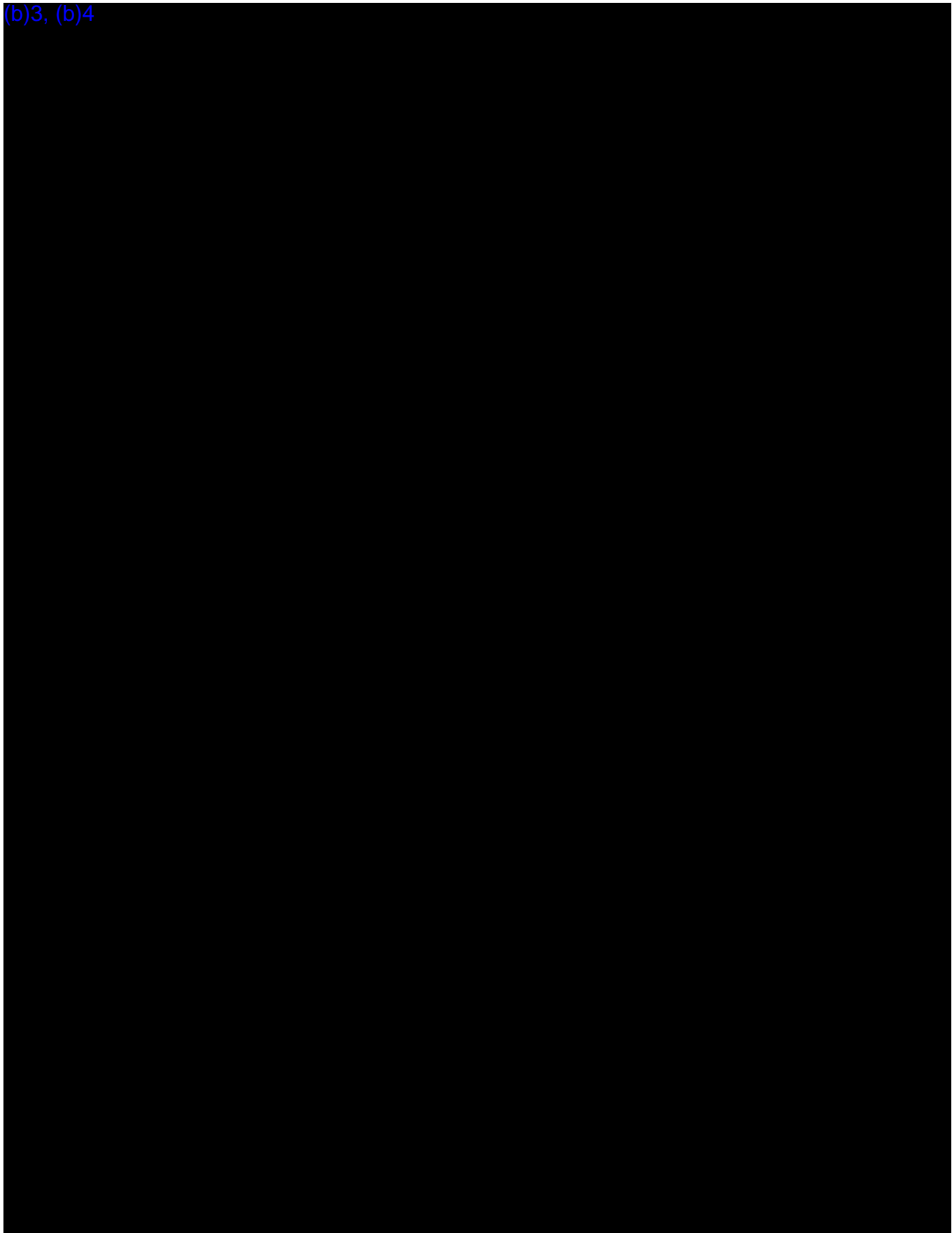
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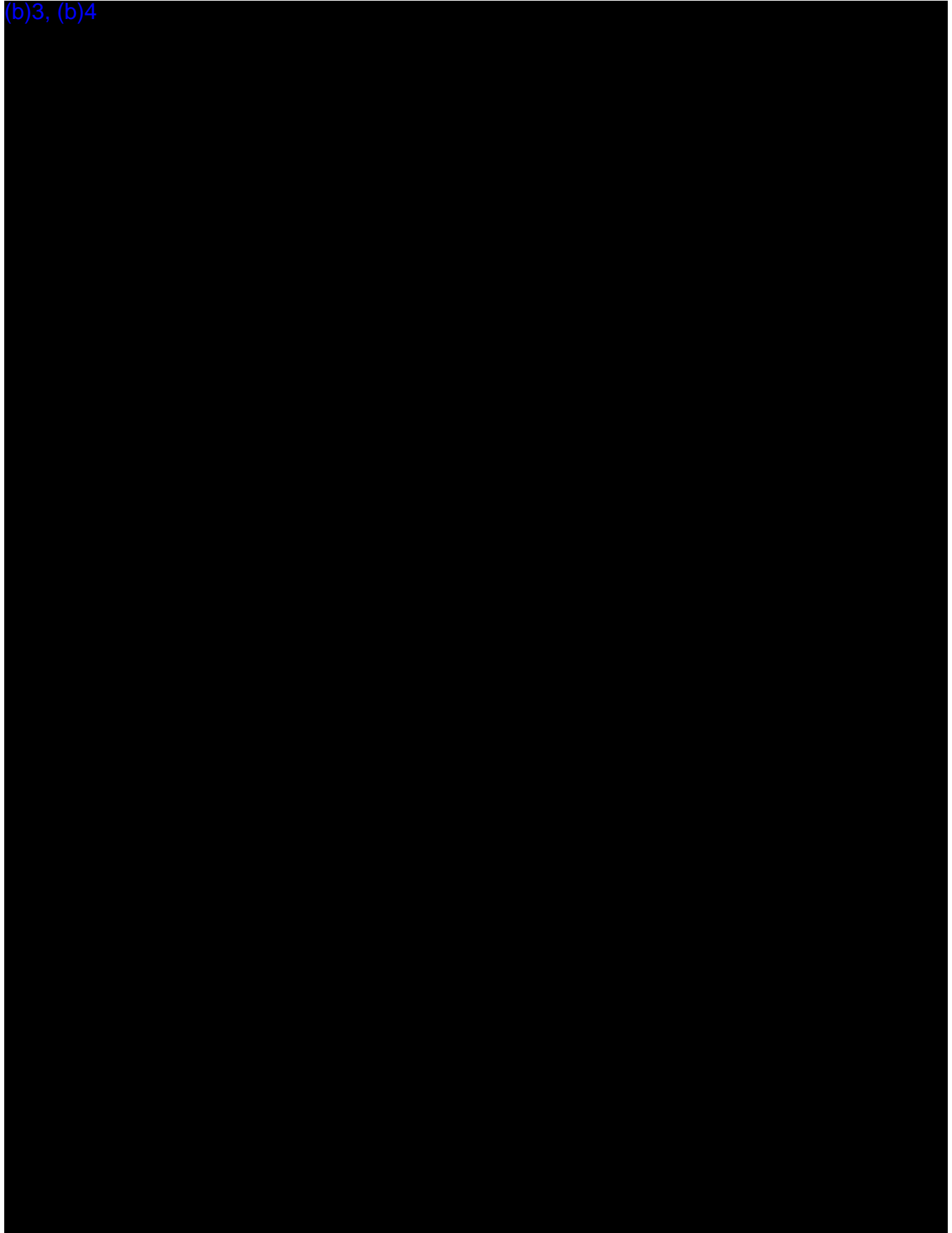
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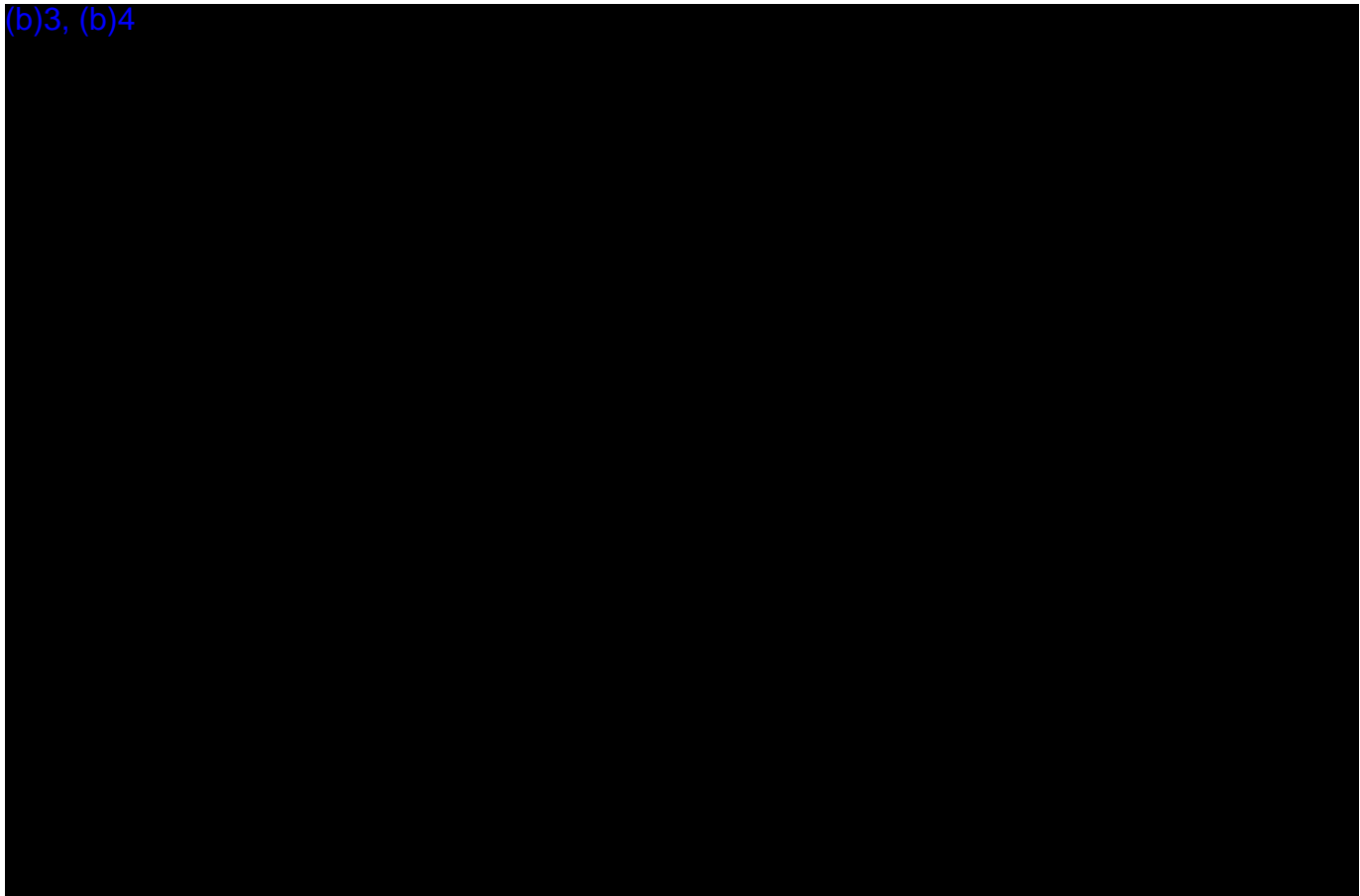
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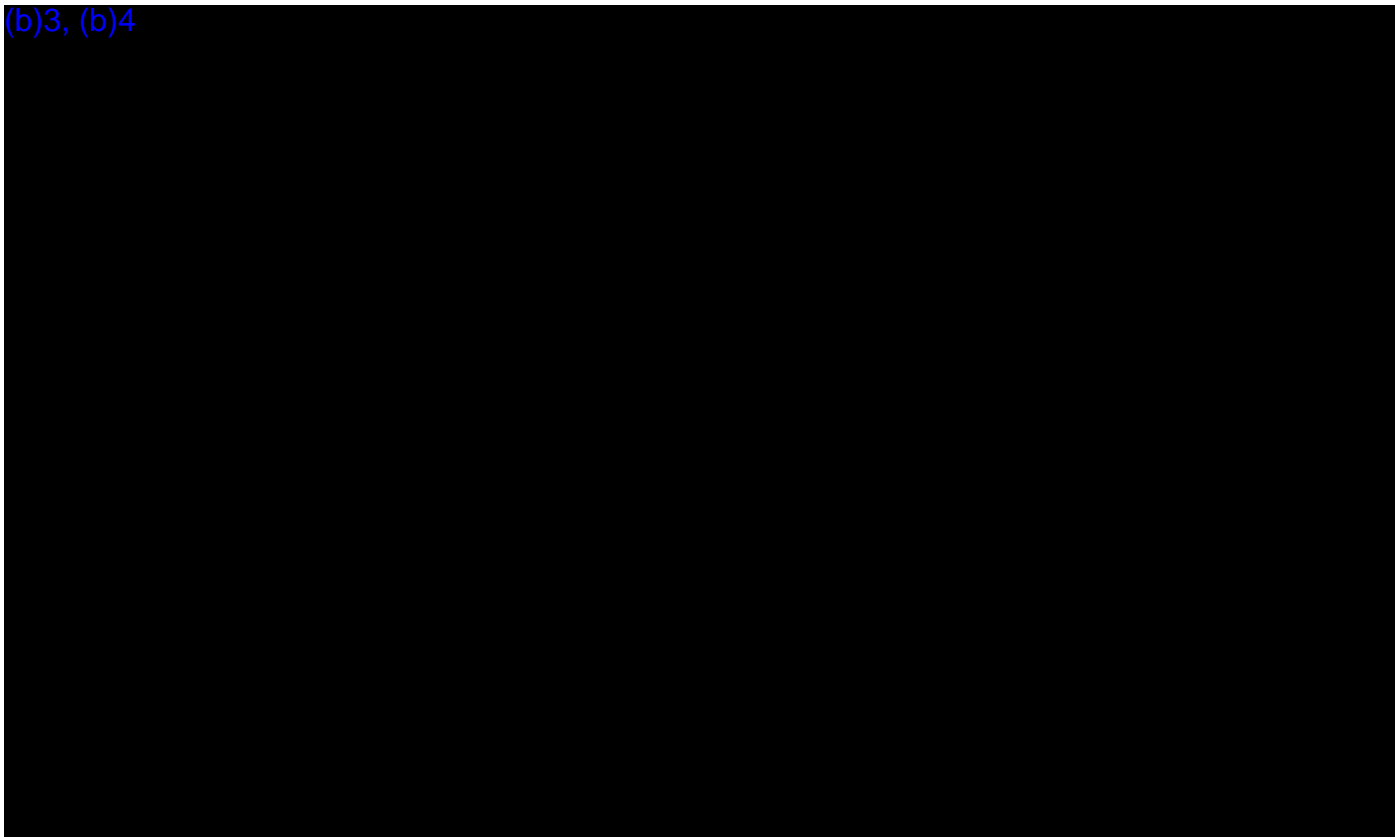
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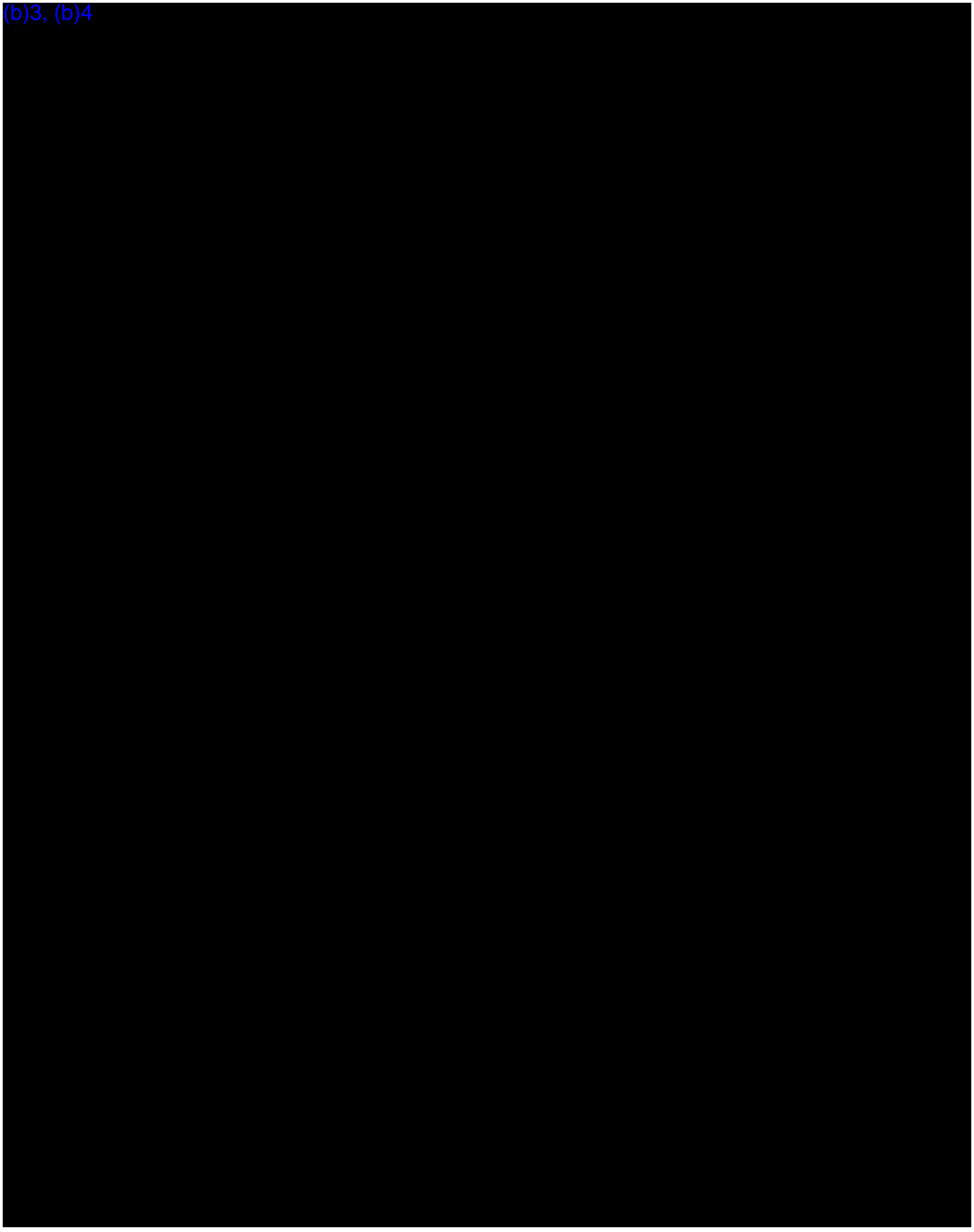
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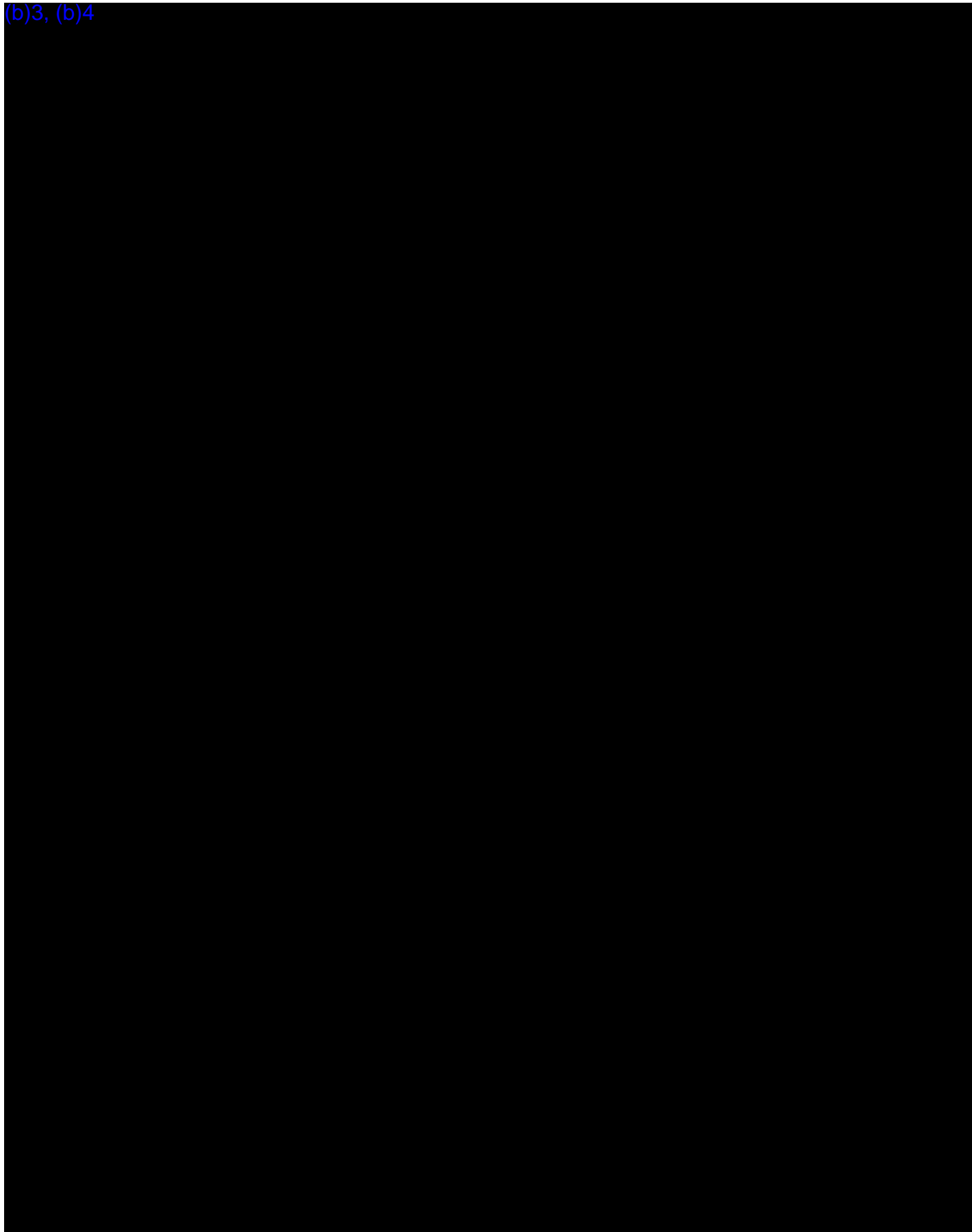
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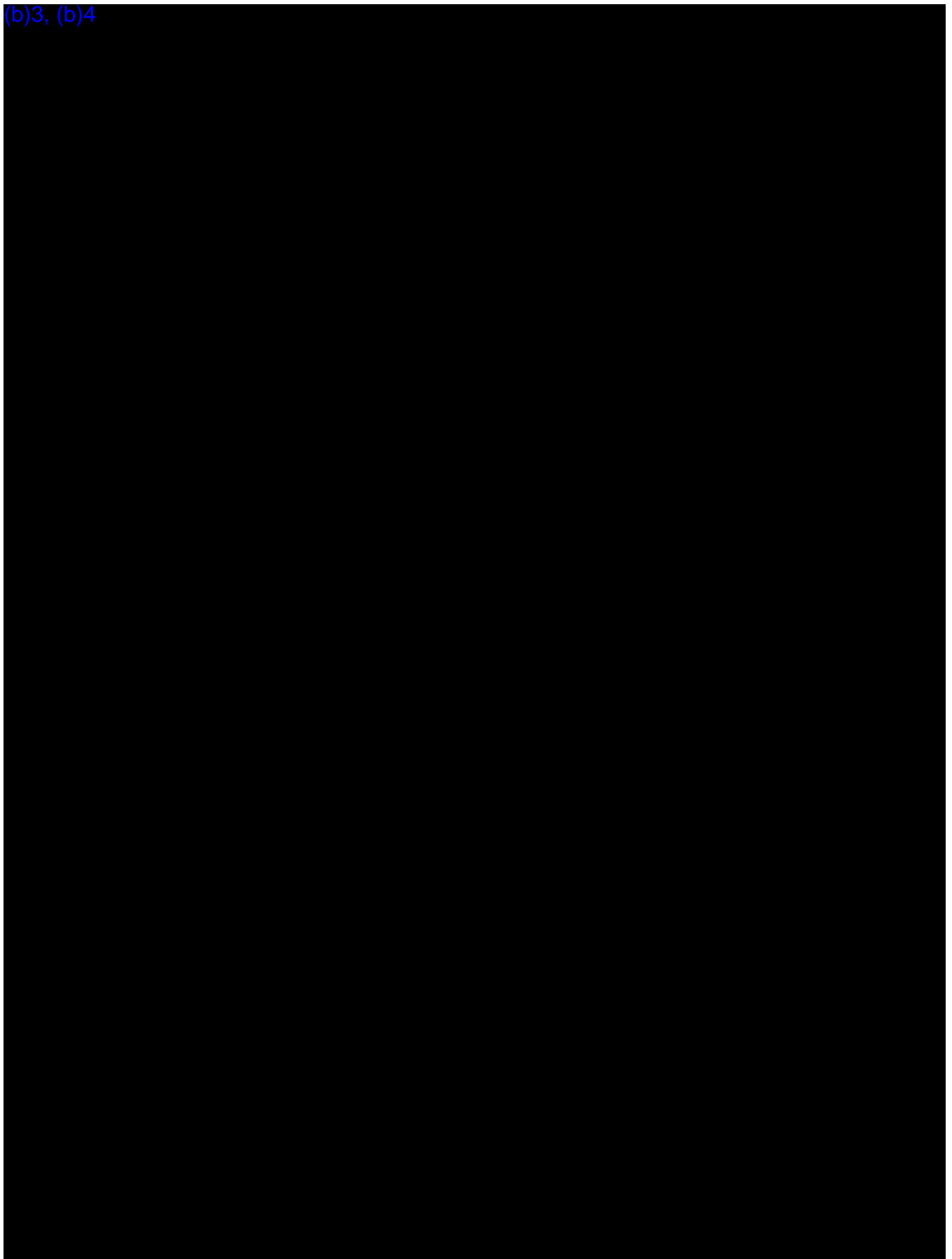
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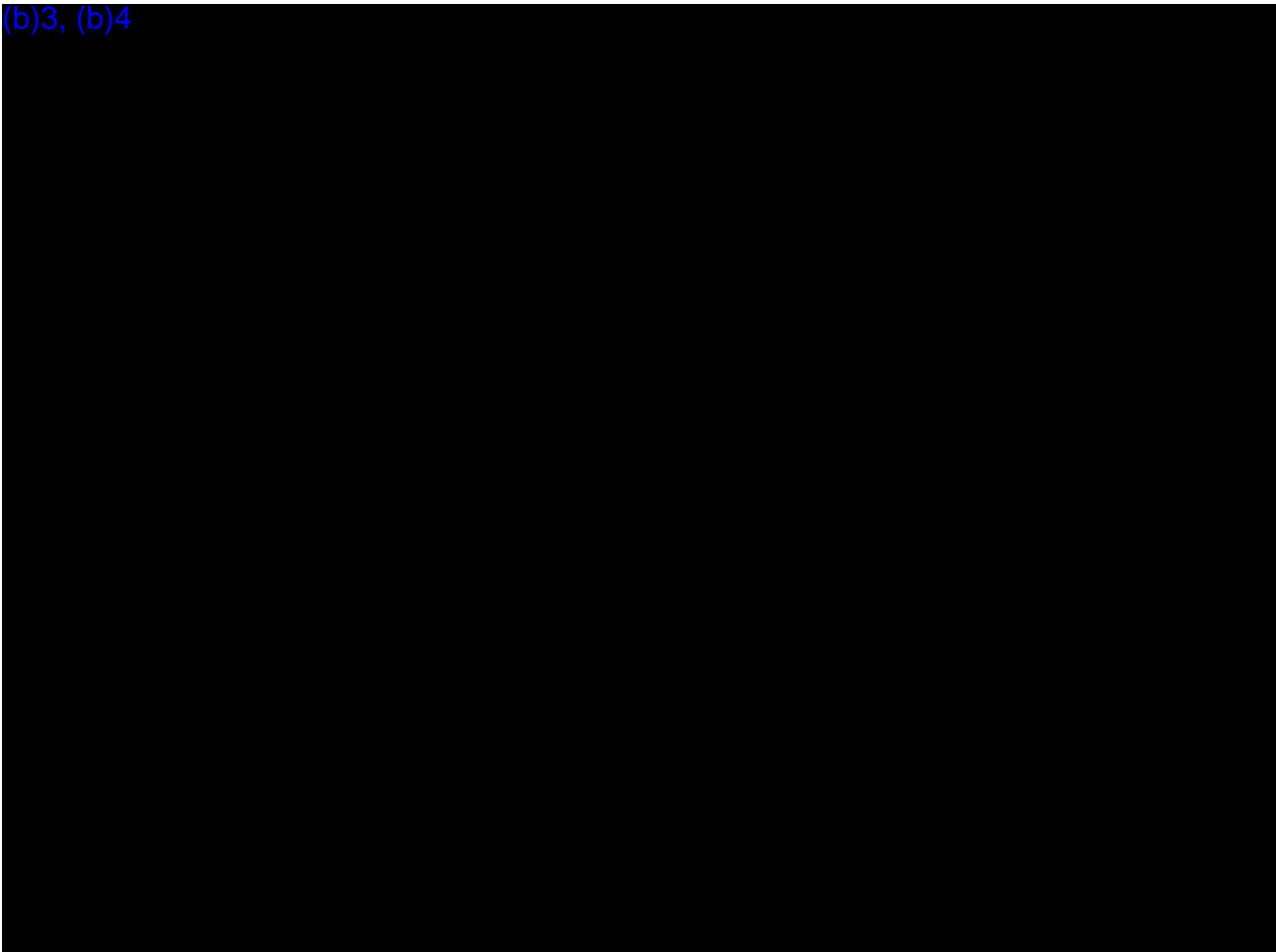
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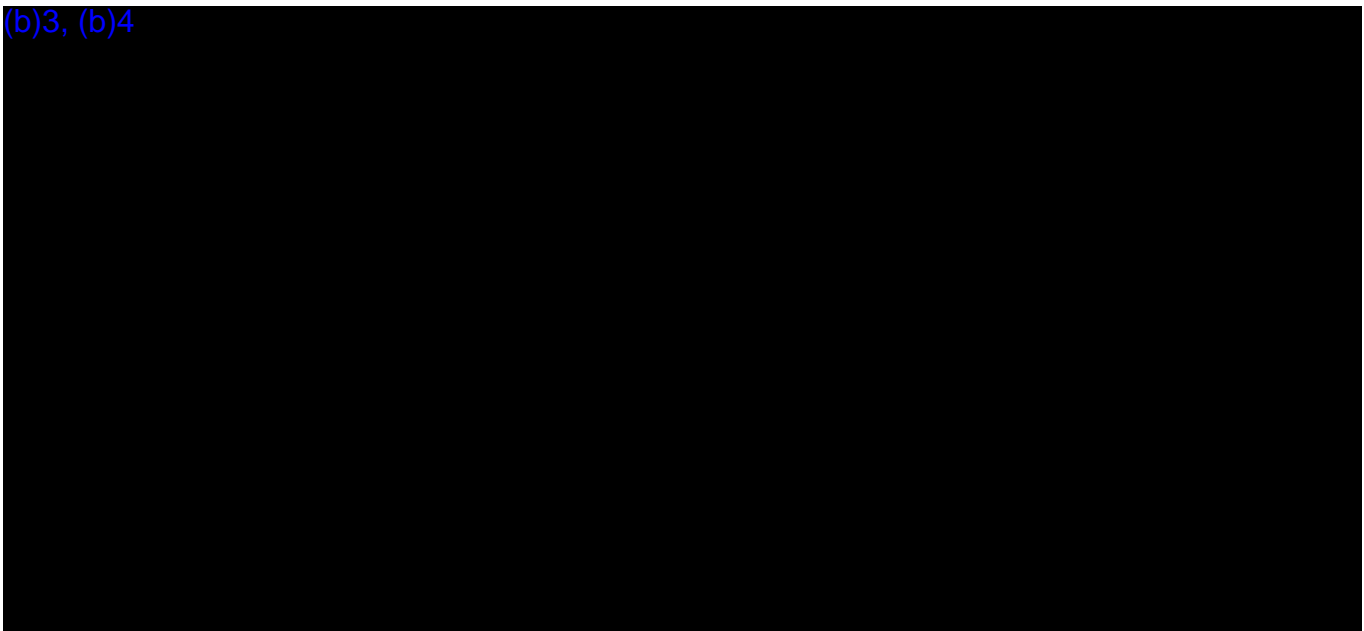
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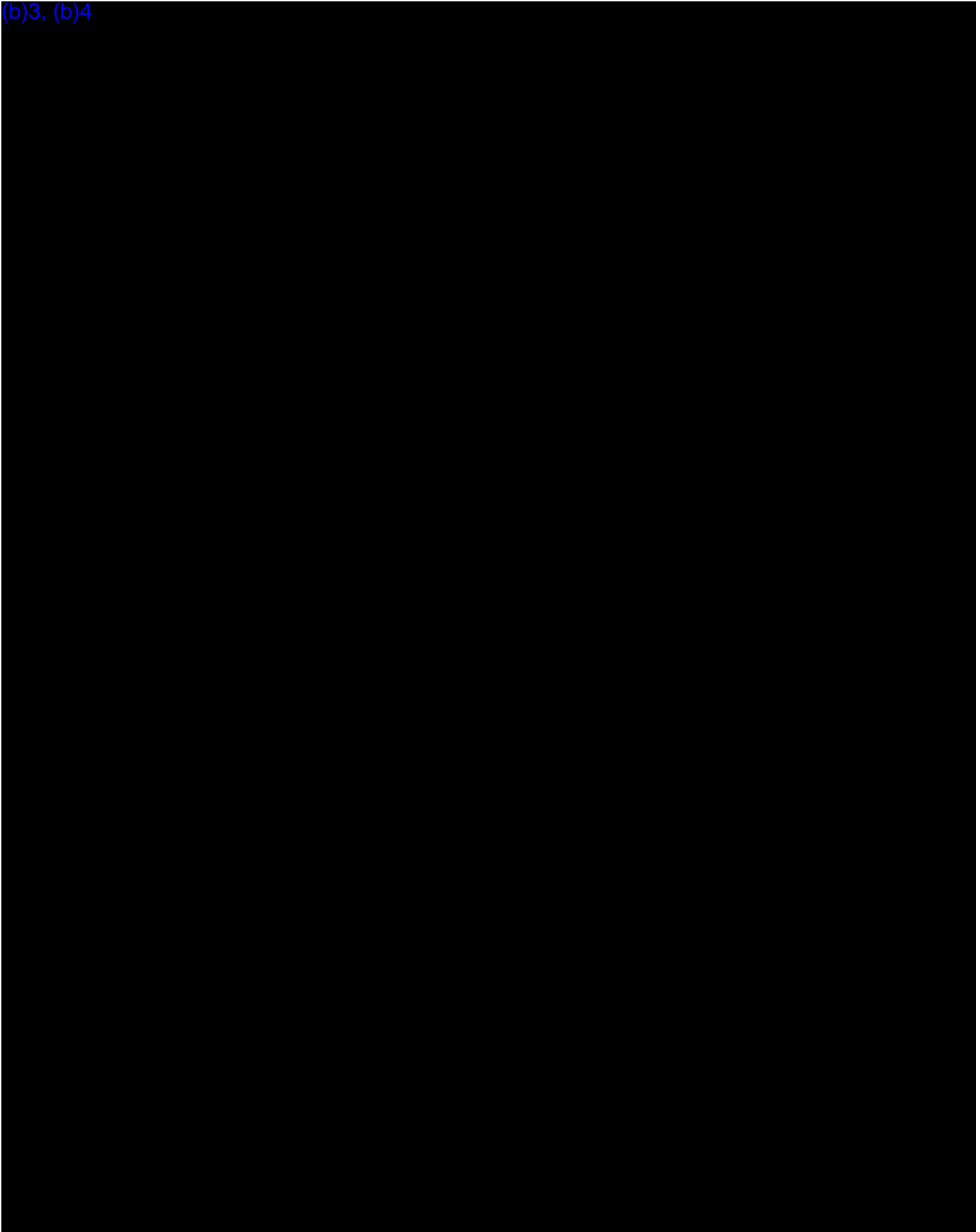
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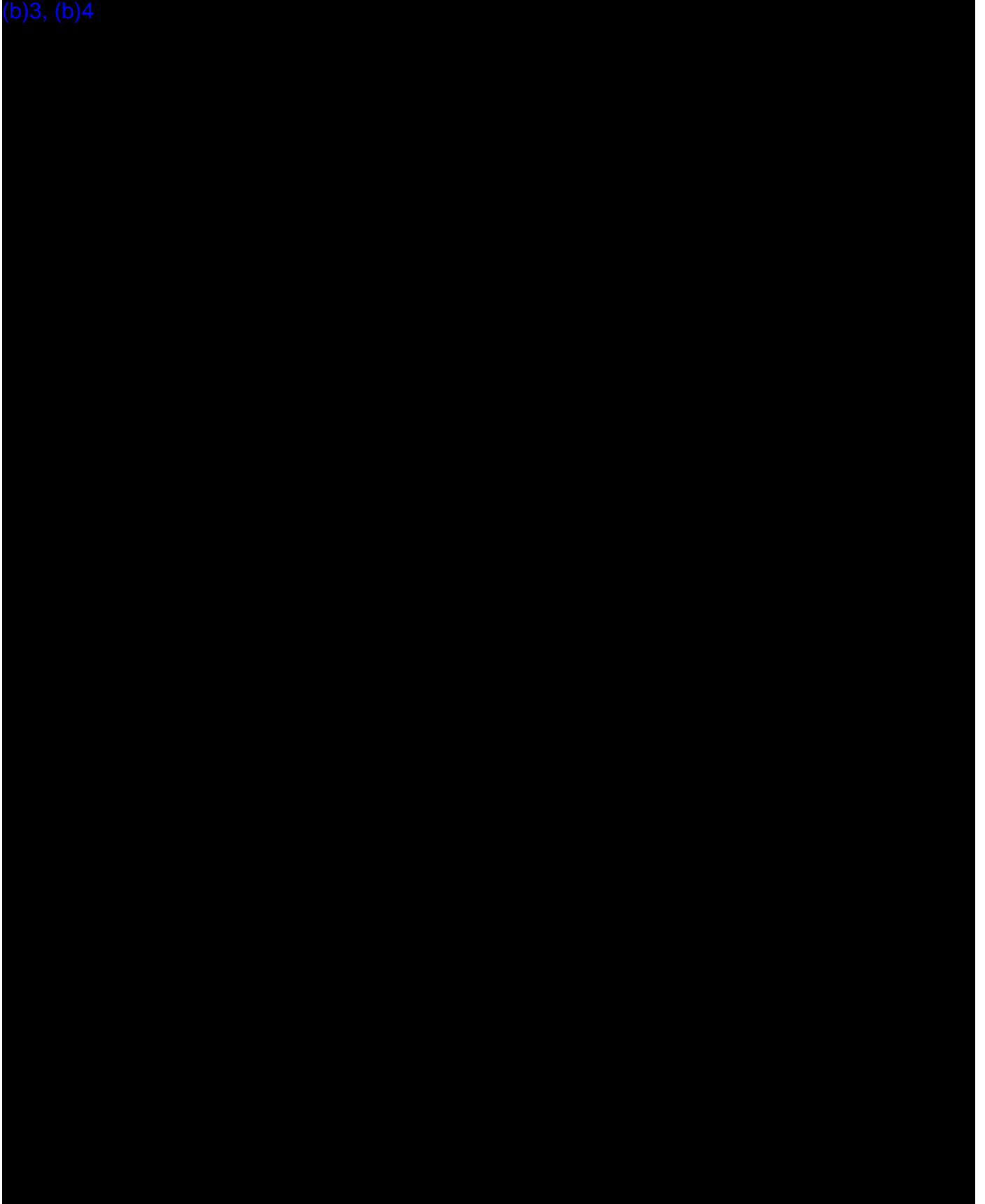
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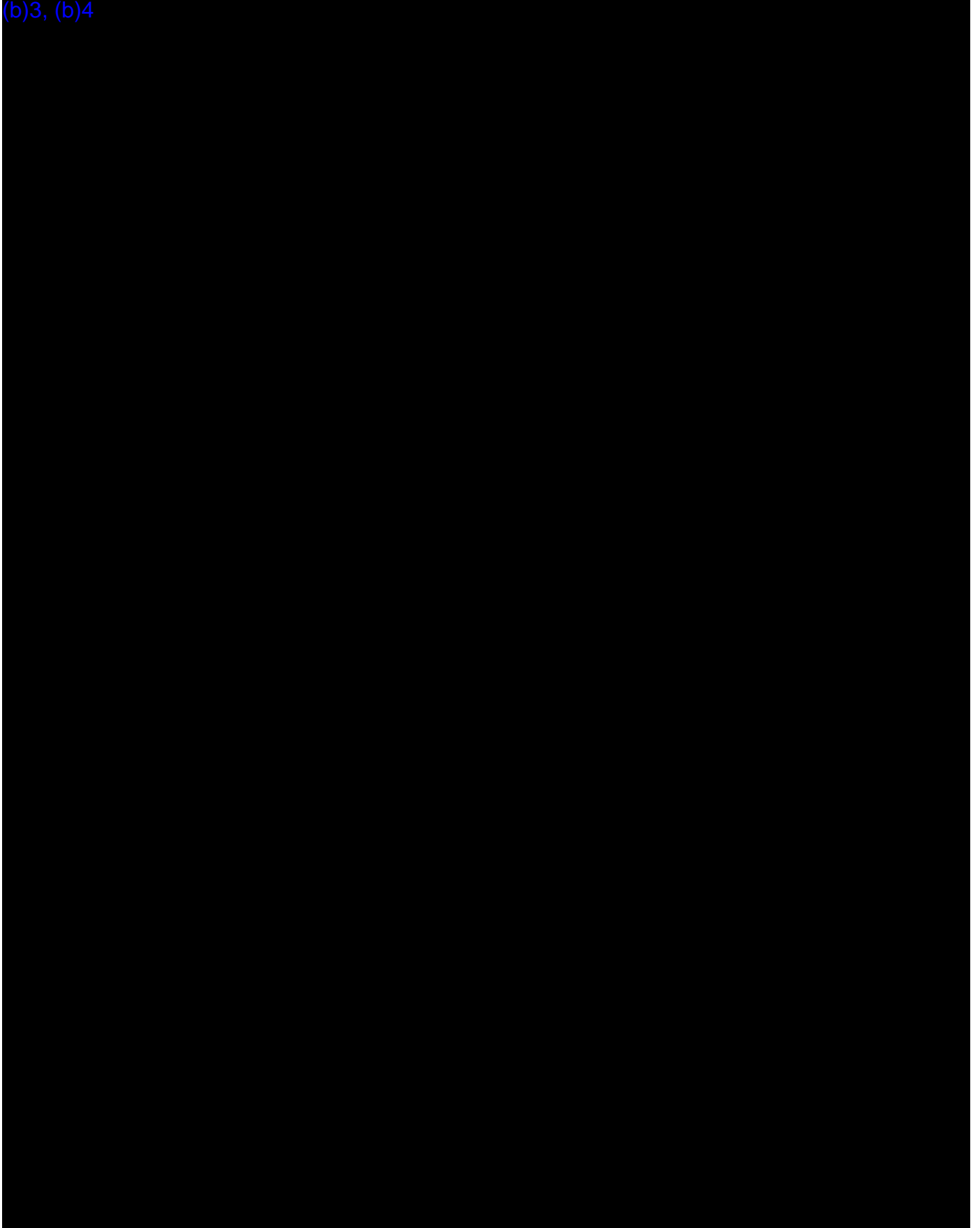
(b)3, (b)4




(b)3, (b)4



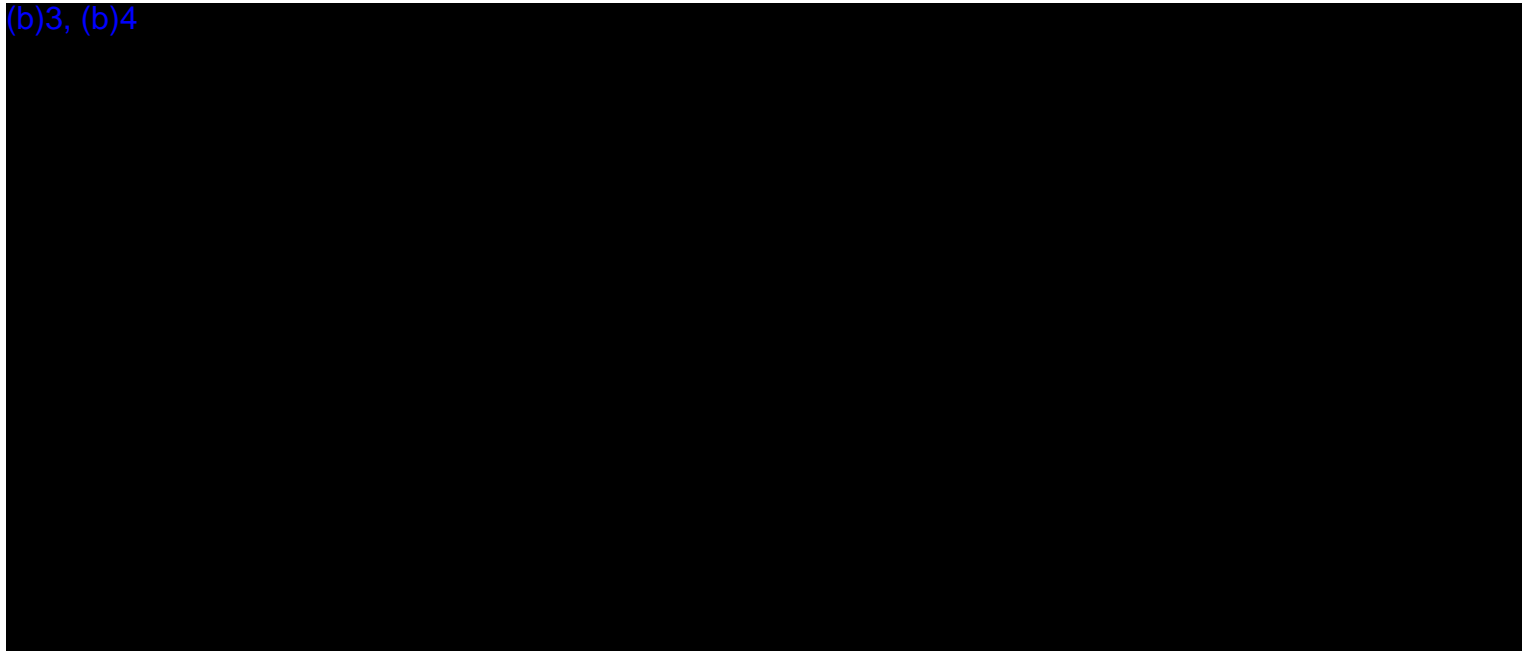
(b)3, (b)4



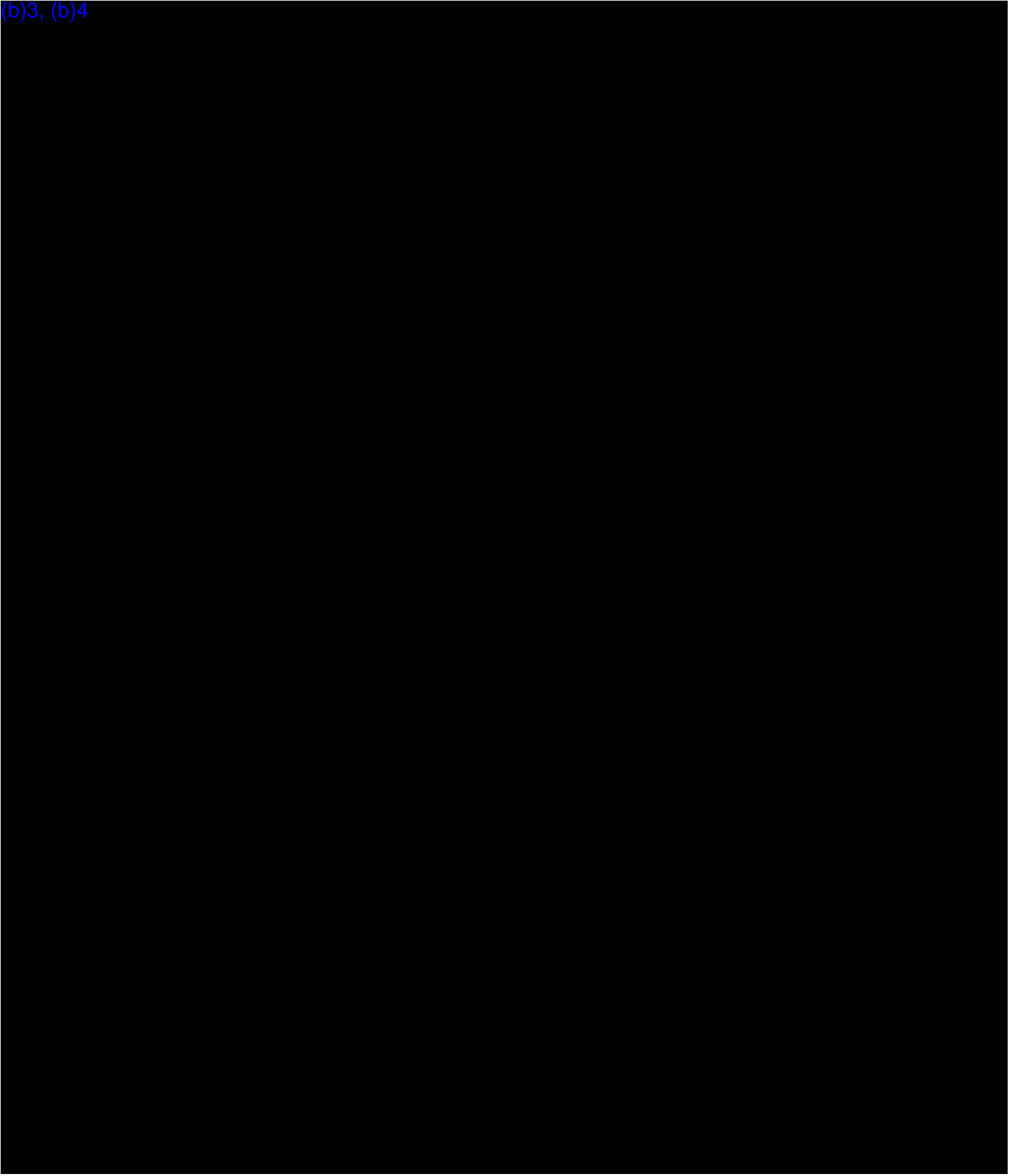
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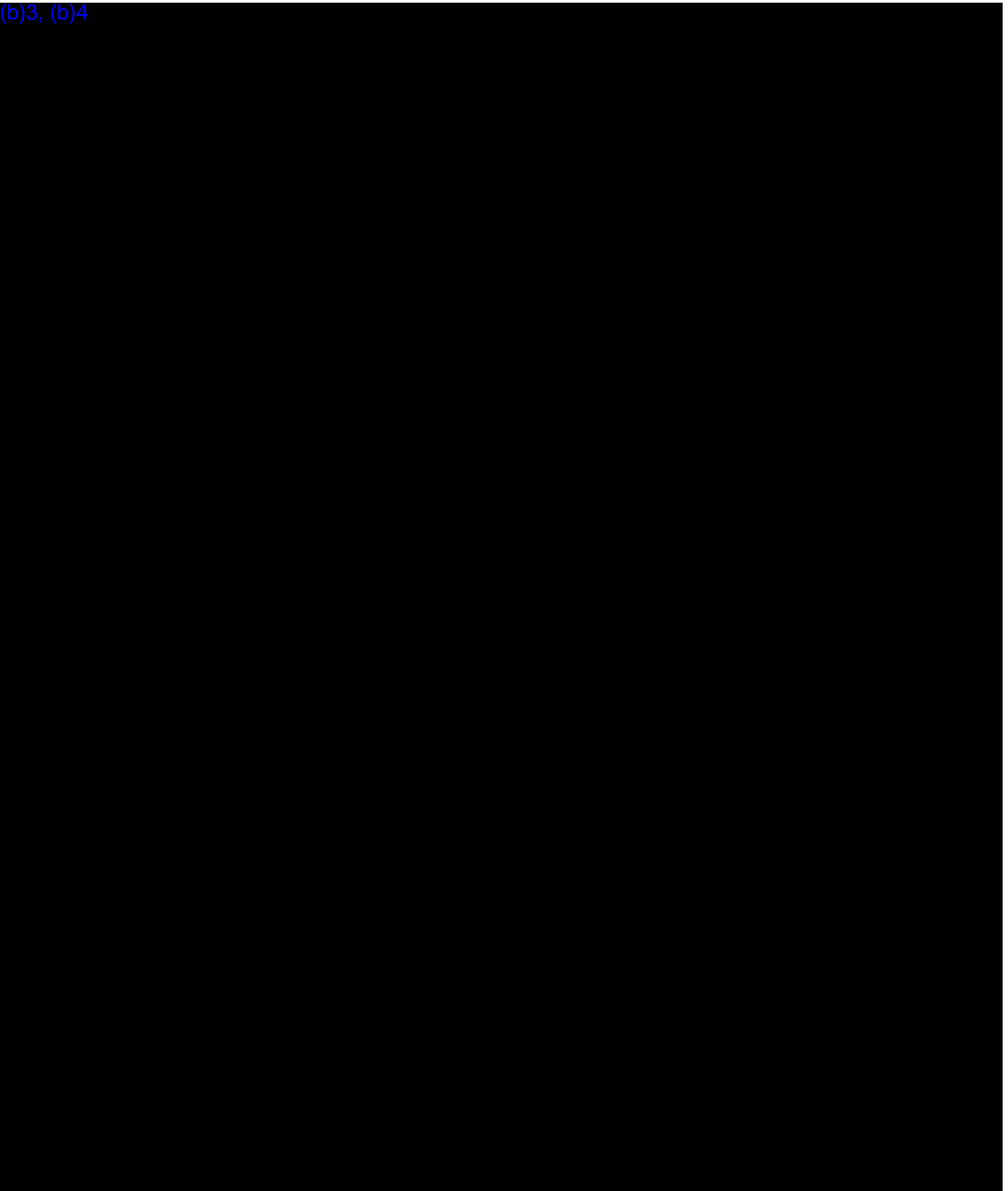
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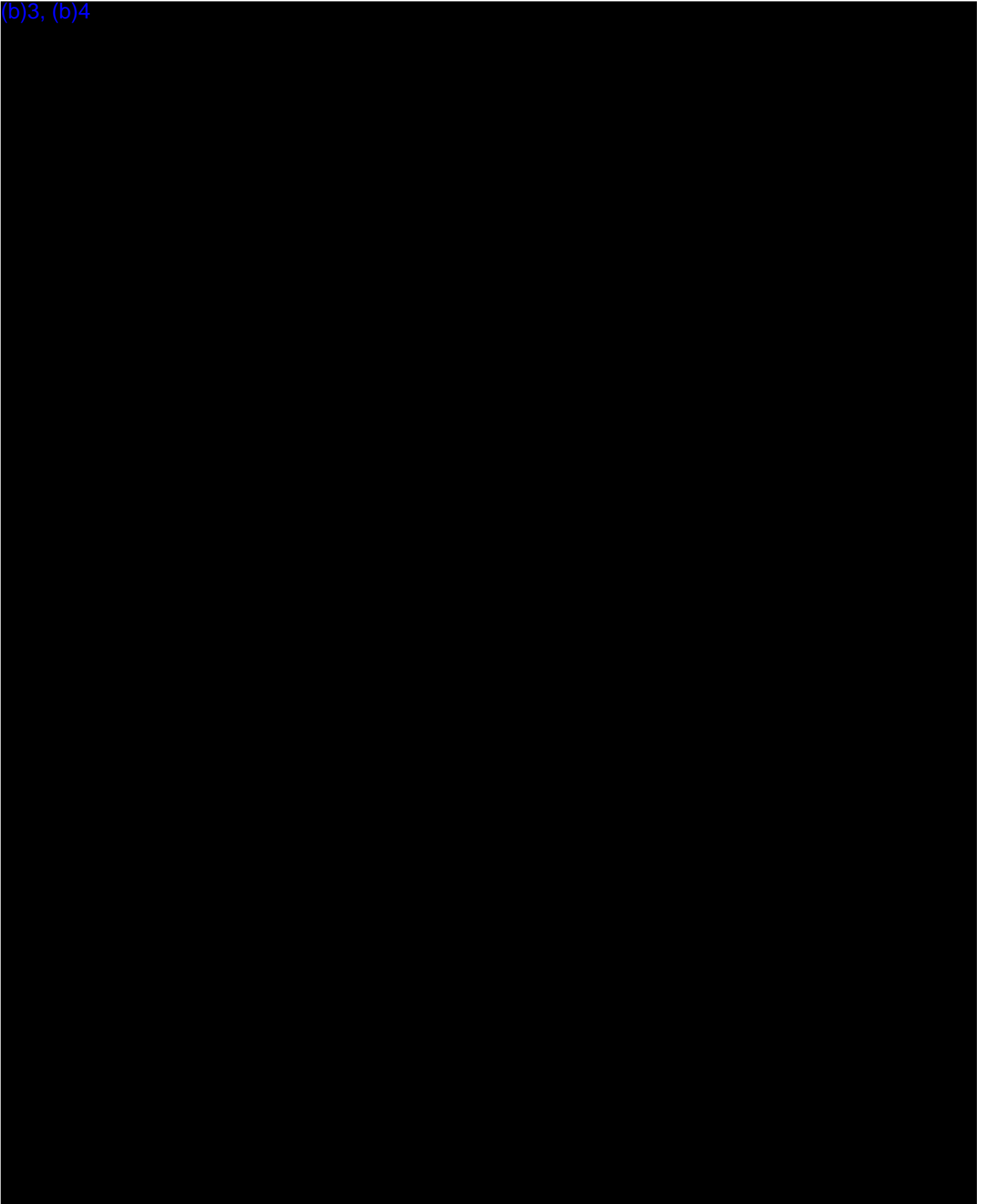
(b)3, (b)4



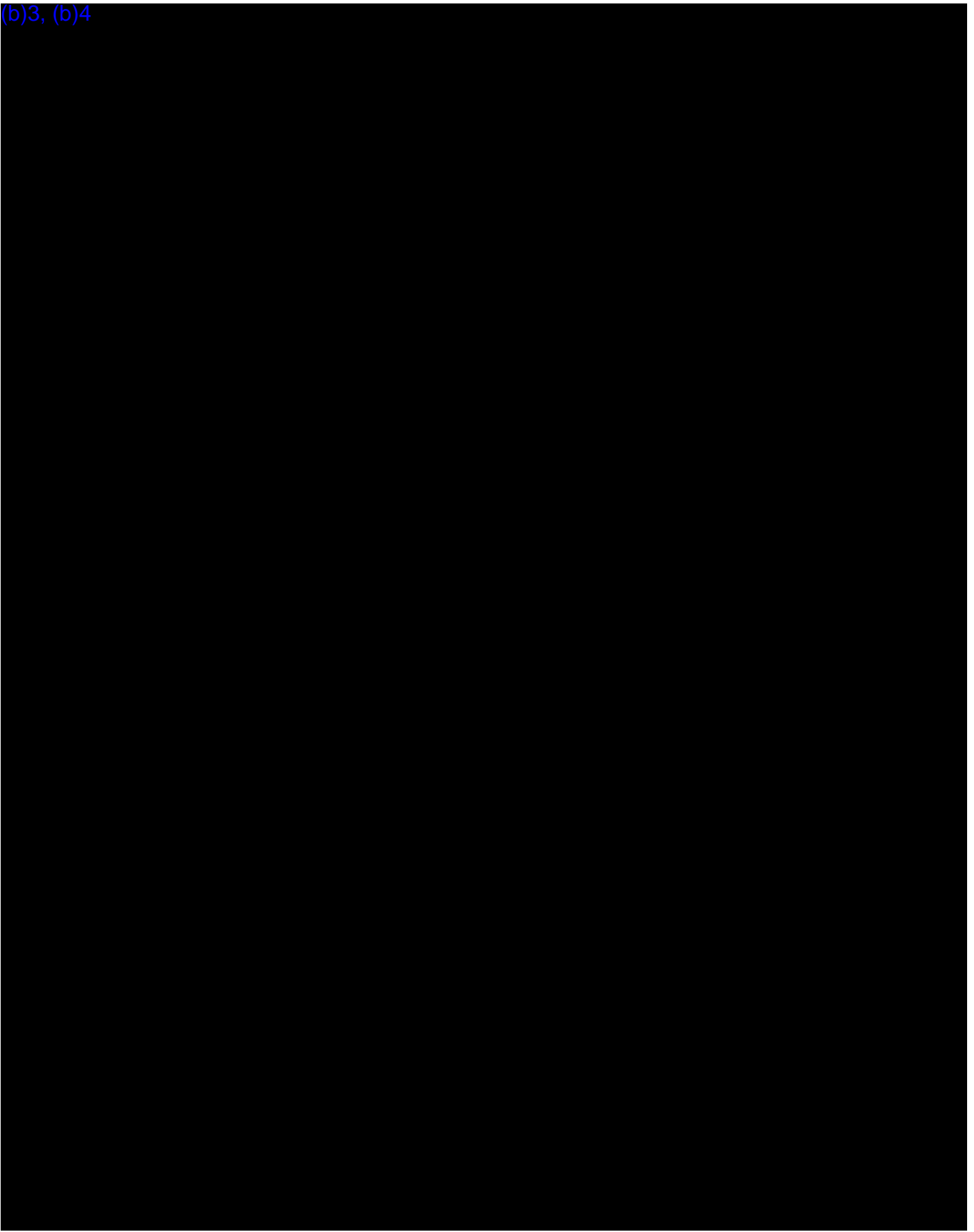
(b)3, (b)4



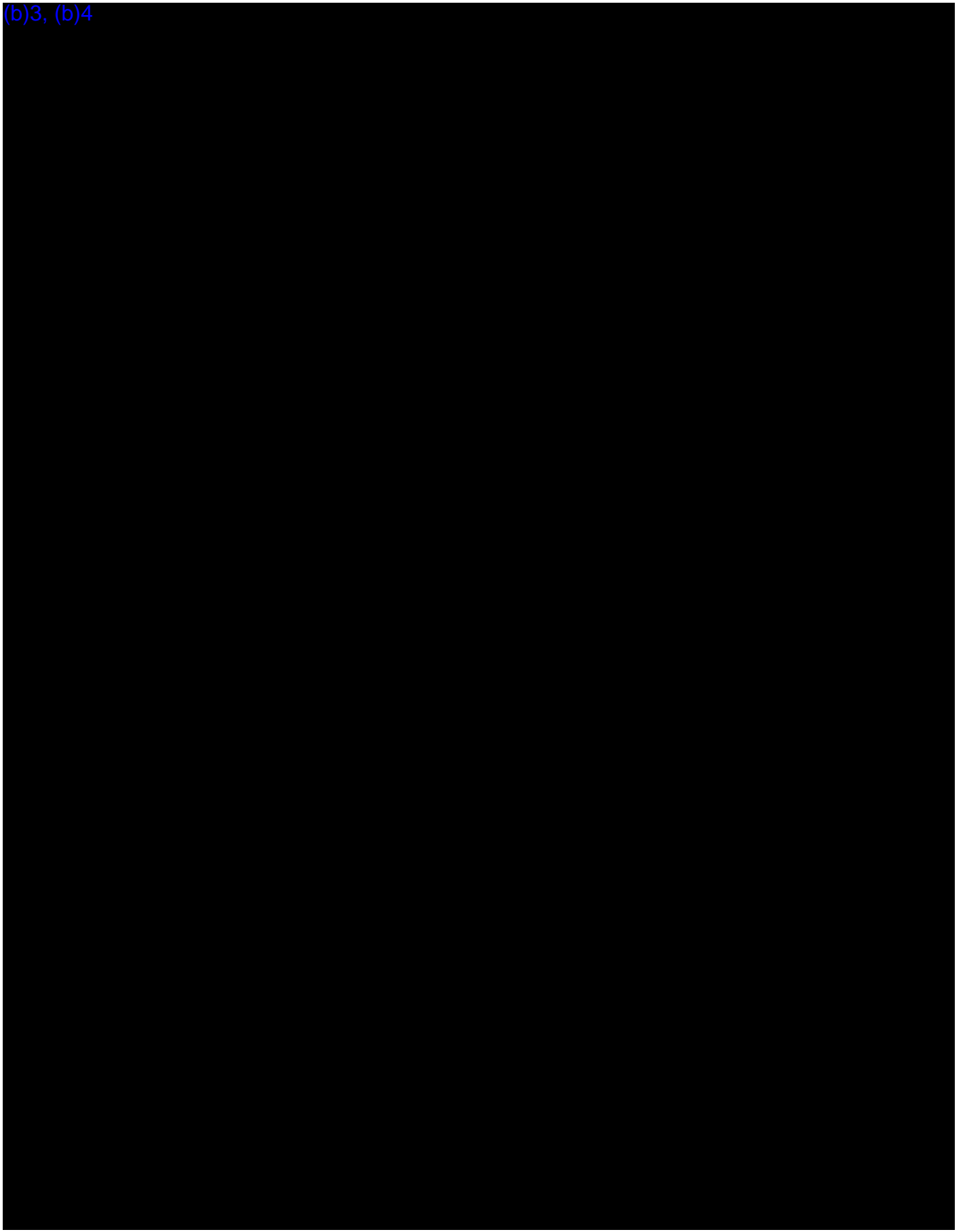
(b)3, (b)4



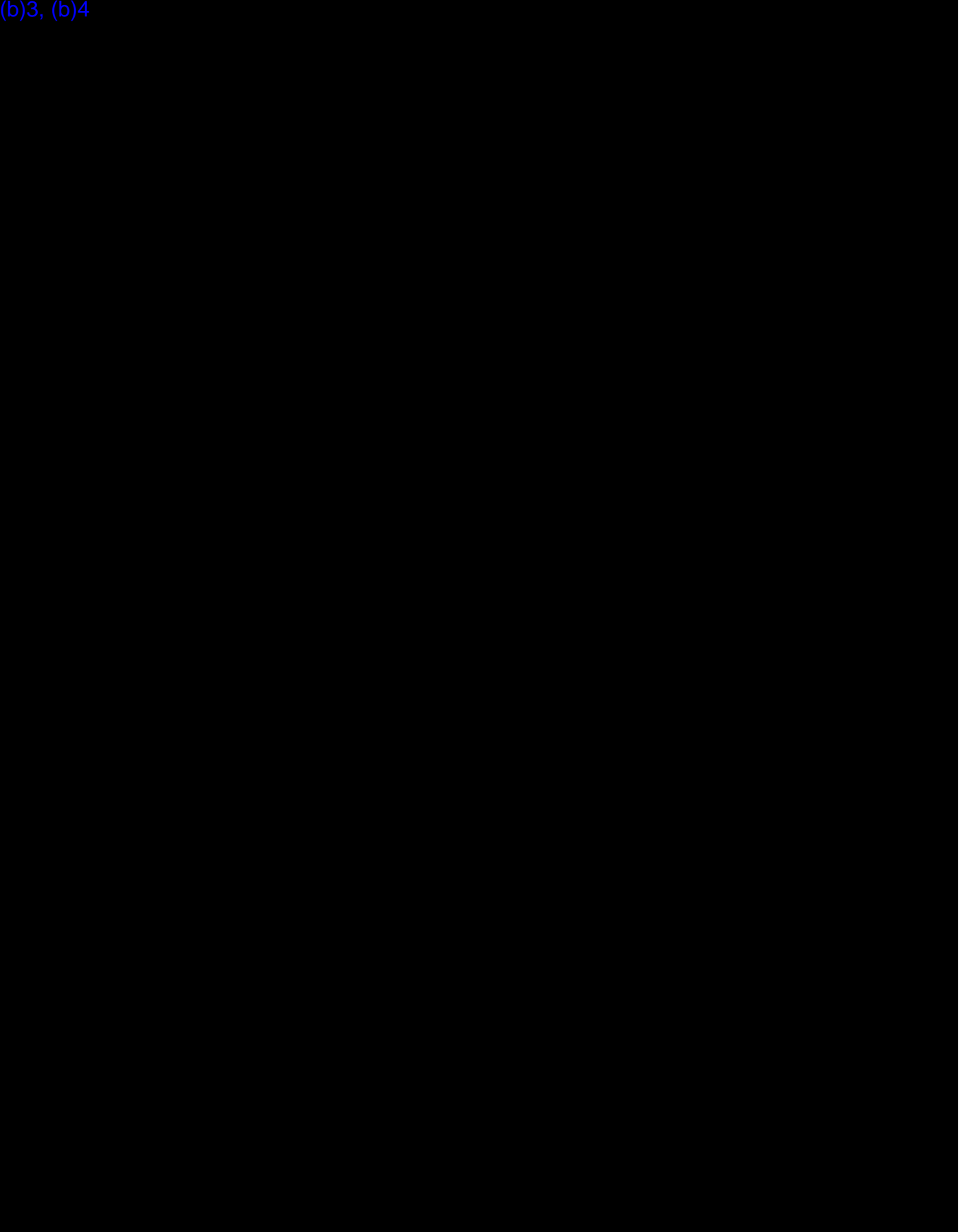
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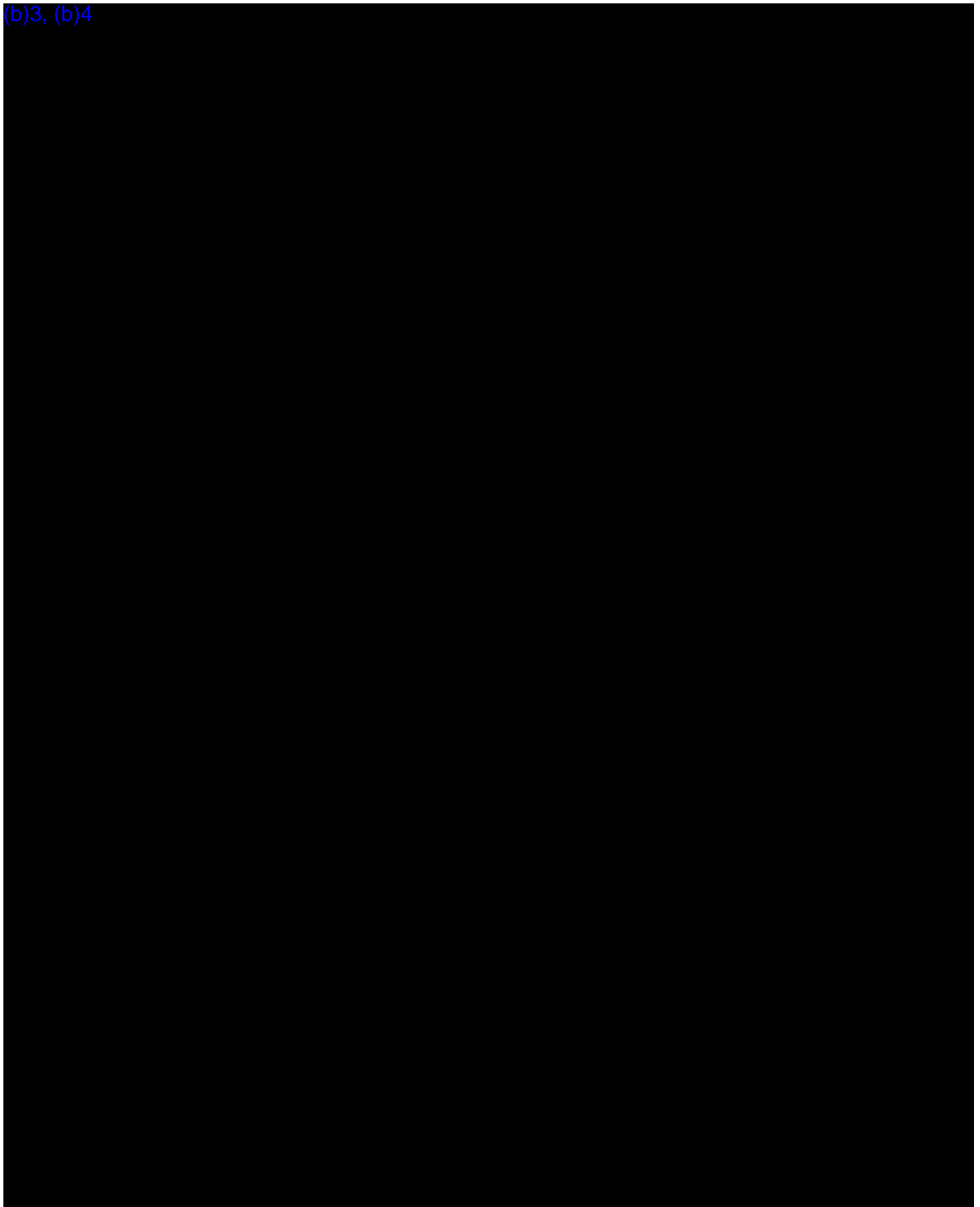
(b)3, (b)4



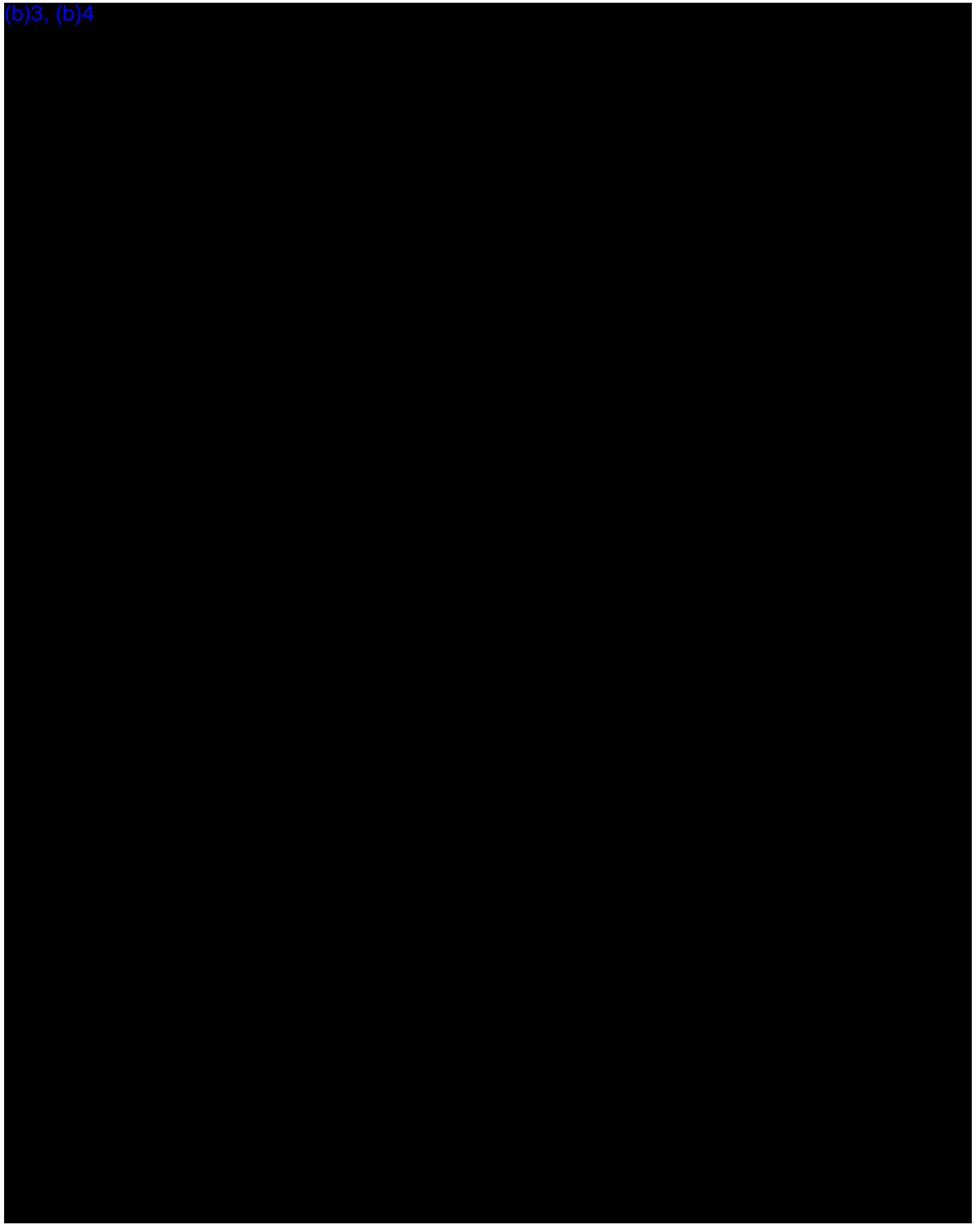
(b)3, (b)4



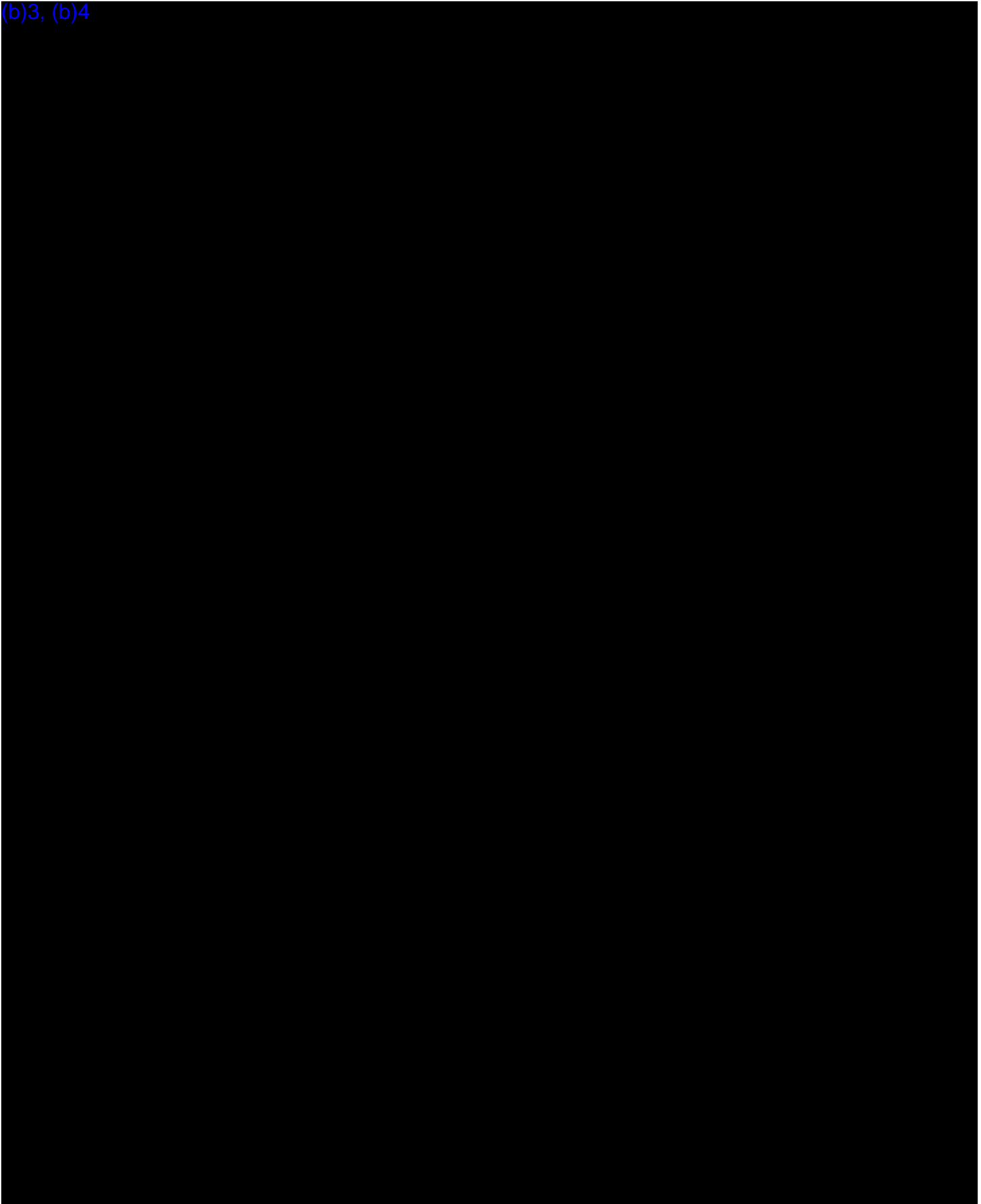
(b)3, (b)4



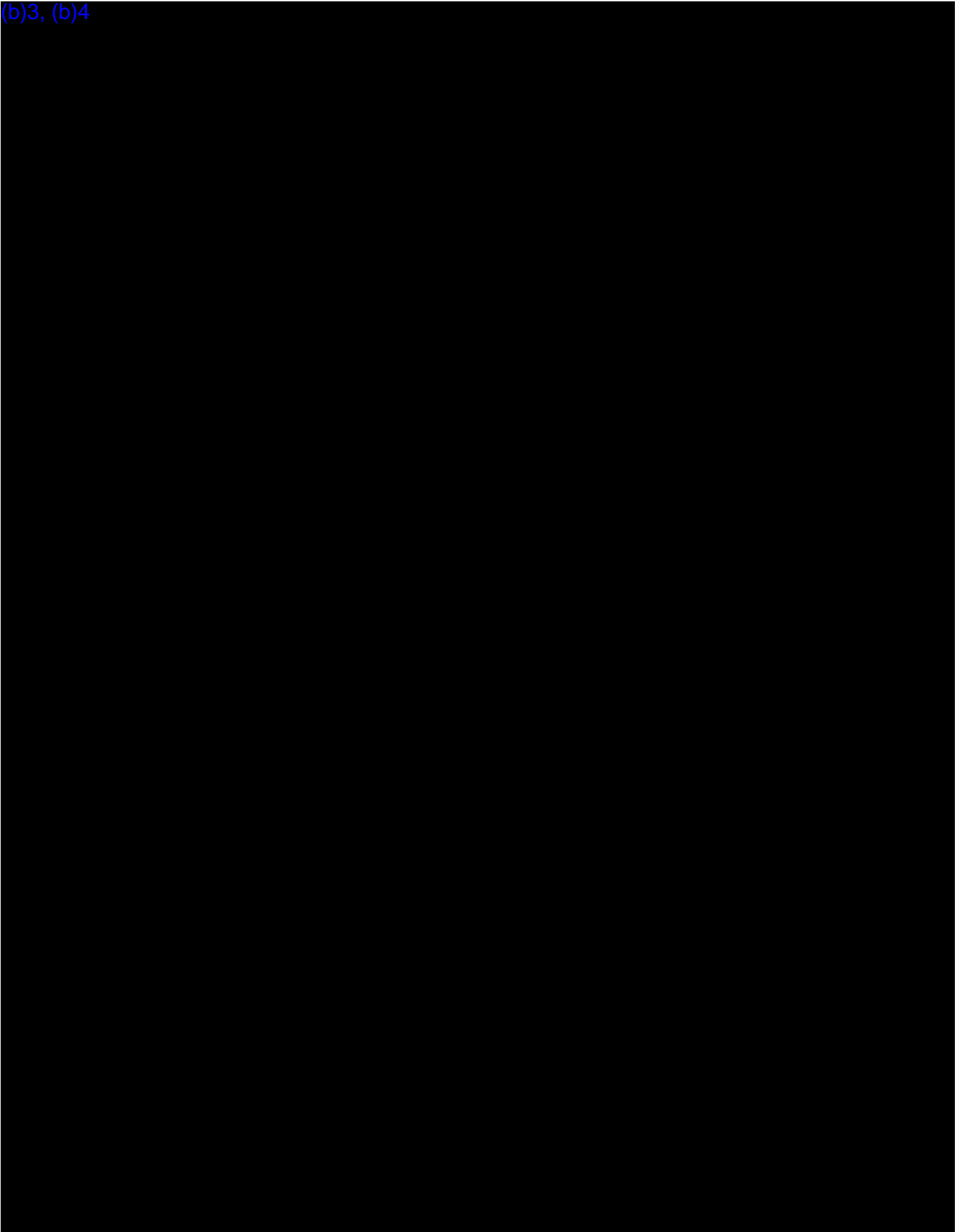
(b)3, (b)4



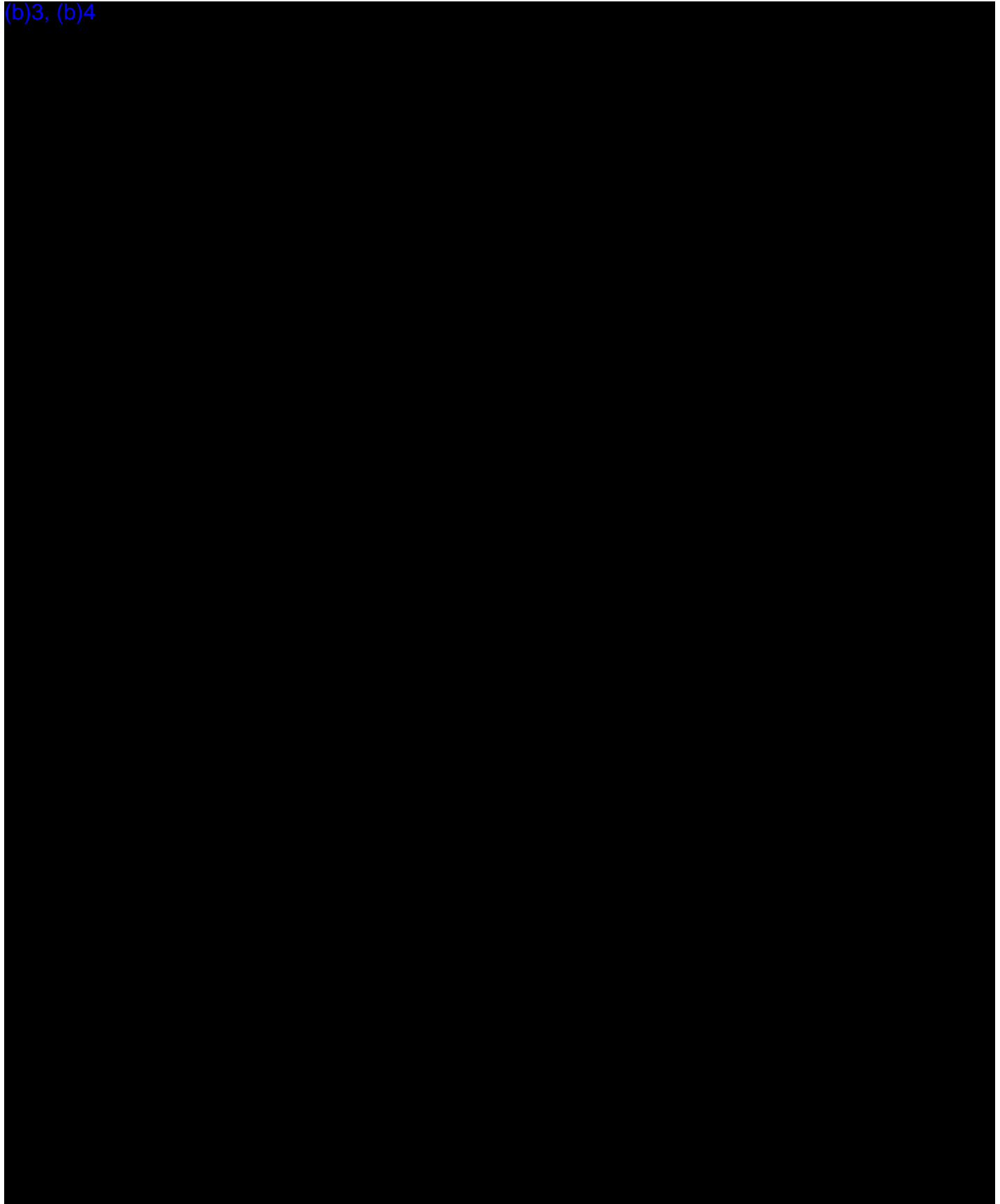
(b)3, (b)4



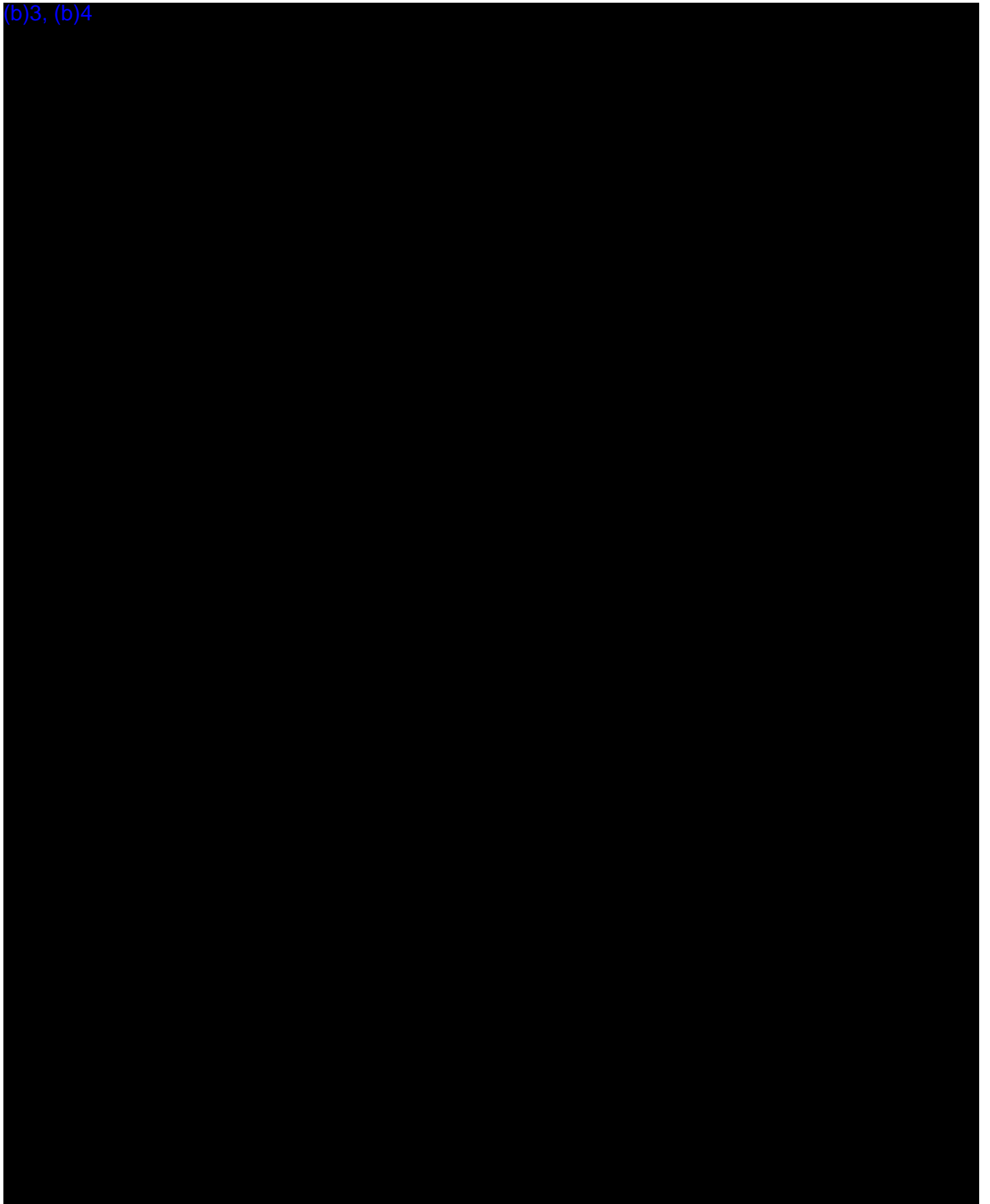
(b)3, (b)4



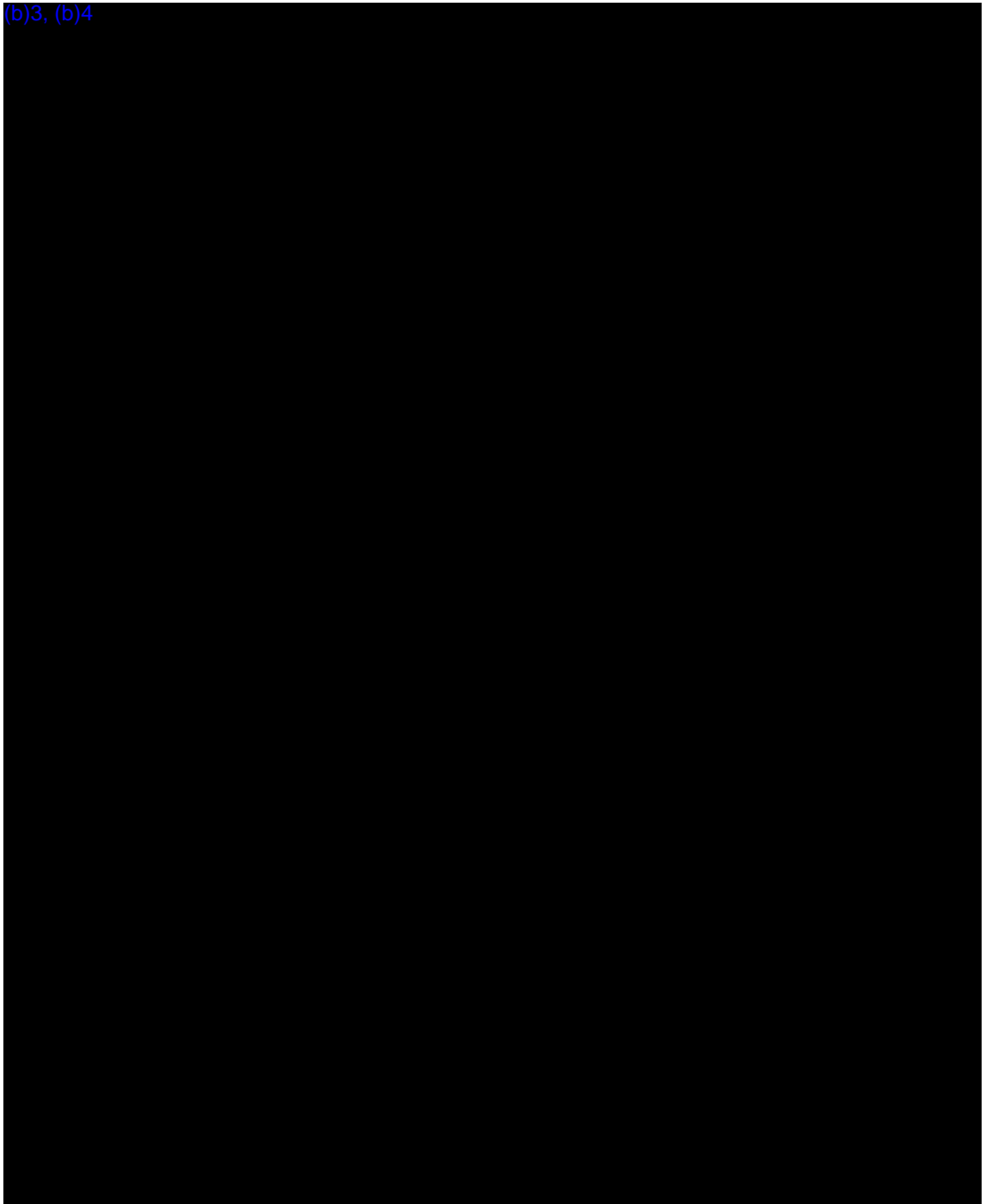
(b)3, (b)4



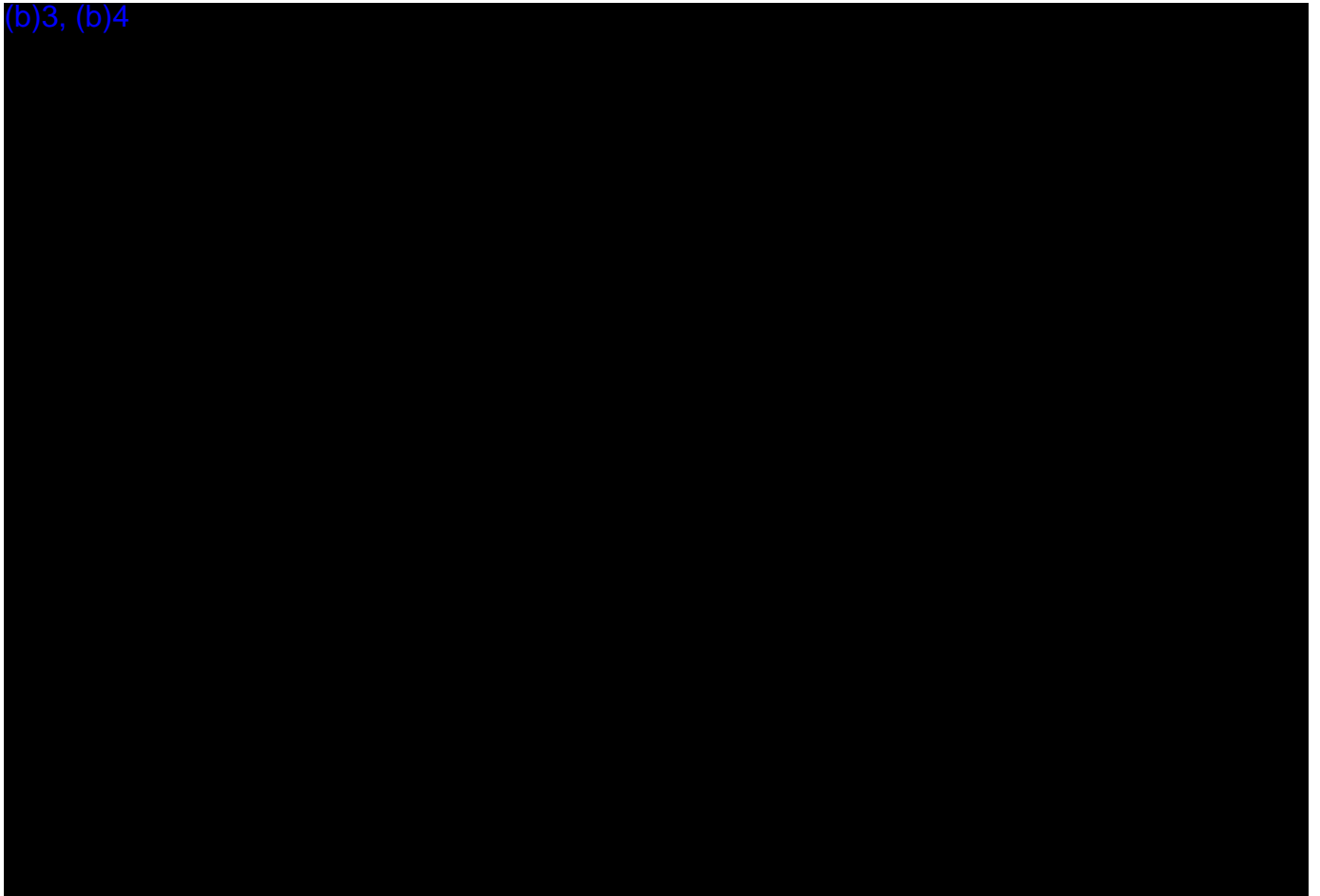
(b)3, (b)4



(b)3, (b)4



(b)3, (b)4




4. Cost/Technical Trade-off Analysis

Step Four of the source selection methodology is a cost/technical trade-off analysis in order to determine the best value source selection decision. The SSEB report and the results of the cost realism evaluation were provided to the Procuring Contracting Officer (PCO)/Source Selection Authority (SSA). The PCO/SSA independently reviewed the SSEB's evaluation and findings and determined them to be accurate, consistent, and supported in accordance with the evaluation criteria. The PCO/SSA completed a comparative assessment of all offerors and determined award should be made to Northrop Grumman on its initial offer. This clearance constitutes the PCO/SSA's Source Selection Decision Document.

In accordance with the solicitation Section M, proposals were evaluated using a four-step methodology. Step One (1) Evaluation of the Acceptability of the Offer; Step Two (2) Evaluation of the Technical Factors; (Factor 1: Cyber Incident Response Scenario and Factor 2: Key Personnel); Step Three (3) Evaluation of Proposed Price/Cost and Cost Realism Cost and Step Four (4) Trade-off Process/Source Selection Decision.

Offerors that received a Marginal or lower evaluation rating for either Technical Factor 1 or 2 were not considered for award. Such offerors were also not evaluated during Step Three: Cost Analysis (including cost realism analysis); or Step Four: Tradeoff Process. The non-cost evaluation factors, when combined, were more important than cost.

(b)3, (b)4



accordance with the solicitation, they were not considered during cost analysis (Step Three) or the tradeoff process (Step Four). As a result, Northrop Grumman Systems Corporation (b)(3), (b)(4) considered in the cost and tradeoff analysis. Their technical ratings and evaluated costs are summarized in the table below.

Table 76: Analysis Summary				
Offerors	Total Proposed Cost	Most Probable Cost Plus Fixed Fee	Factor 1: Cyber Incident Response Scenario	Factor 2: Key Personnel
Northrop Grumman System Corporation	(b)(3), (b)(4)			

Northrop Grumman Systems Corporation (b)(3), (b)(4) Two technical factors were evaluated for this solicitation. Technical Factor 1 was a Cyber Incident Response Scenario and Technical Factor 2 was Key Personnel Qualifications. Any proposal rated "Marginal" or below for either technical factor was eliminated from award consideration. Technical Factor 1 was more important than Technical Factor 2. NGC (b)(3), (b)(4) received ratings of (b)(3), (b)(4) for Factors 1 and 2.

For the Cyber Incident Response Scenario (Factor 1), (b)(3), (b)(4)

(b)(3), (b)(4) NGC (b) received (b)(3), (b)(4) for the Cyber Incident Response Scenario factor. (b)(3), (b)(4) there were no weaknesses, significant weaknesses, or deficiencies. (b)(3), (b)(4)

(b)(3), (b)(4) proposals indicate an exceptional approach and understanding of the requirements with multiple strengths. There was no distinction between offers, and they are considered essentially (b)(3), for this factor.

For the Key Personnel Qualifications factor (Factor 2), (b)(3), (b)(4)

(b)(3), (b)(4) proposals indicate an exceptional approach and understanding of the requirements with multiple strengths. While (b)(3), offerors are considered essentially (b)(3), for this factor, (b)(3), (b)(4) for this factor.

(b)(3), (b)(4) NGC which (b) the requirement. However, (b)(3) NGC (b)(3), (b)(4) rated in every other aspect and PWS section across the two technical factors. FAR 15.101-1 was considered which allows the Government to accept other than the lowest priced

proposal through the trade-off process, if the perceived benefits of the higher priced proposal merit the additional cost. In this case, (b)(3), NGC (b)(3), (b)(4) have offered a technical proposal with (b)(3), (b)(4) (b)(3), (b)(4). While a minor element of (b)(3), technical proposal is (b)(3), (b)(4) NGC's, it does not merit the additional cost to the Government of approximately (b)(3), (b)(4) (b)(3), (b)(4) cost to the Government was (b)(3), (b)(4) than NGCs, NGC would still be considered the better overall value given the relative (b)(3), of their technical proposals.

Summary: Northrop Grumman's proposal is considered the overall best value offer to the Government. It is therefore recommended that award be made to Northrop Grumman.

I, Jacob Ward, the Source Selection Authority for this procurement, have independently reviewed all evaluations and recommendations provided herein. As a result of such review, I have determined Northrop Grumman to be the awardee and approve the decision to award a contract to Northrop Grumman at the proposed price of \$59,404,094.07 (including options) determined to be fair and reasonable and provide best value to the Government.

SECTION VI – OTHER PRE-NEGOTIATION INFORMATION.

A. Comparison of pre-position to historical prices in constant and then year dollars, if not done as part of cost or price analysis.

The Government subject matter experts used historical cost from similar efforts on previous order in developing the IGE.

B. If applicable, discuss exemptions requested to Buy American, Berry Amendment, specialty metals restrictions, or other requirements of the solicitation. – N/A

C. If data for competitive reprourement is being purchased, discuss cost, delivery and whether the Government will get unlimited rights. – N/A

D. If applicable, discuss the requirement of FAR 45.306 and 45.307 with regard to the acquisition of Special Test Equipment and/or Special Tooling. – N/A

E. If applicable, identify offerors and attendees at pre-negotiation and fact-finding sessions. Document when sessions were held and what was included in discussions. Identify any other exchanges with offerors after receipt of proposals. (FAR 15.306). – N/A

F. Not-to-exceed prices - N/A

1. For undefinitized contract actions (UCAs), address compliance with the limitations set forth in DFARS 217.7404) and provide support for the not-to-exceed price.
2. For BOA orders with a not-to-exceed price, address compliance with the limitations set forth in DFARS 216.703 and provide support for the not-to-exceed price.
3. For change orders with a not-to-exceed price, address compliance with the limitations set forth in NMCARS 5243.201(91) and provide support for the not-to-exceed price.

SECTION VII - DECISION TO PROCEED.

The purpose of the business clearance memorandum is to request approval to award a task order to Northrop Grumman based on initial offers under solicitation N66001-18-R-3502. Based on the analysis herein, the proposal from the Northrop Grumman Systems Corporation represents the best value to the Government.

A. Competitive range (FAR 15.306(c)). Include a determination and supporting discussion of offerors determined to be within and outside the competitive range.

The Government will not conduct discussions; therefore, establishment of a competitive range is not necessary.

B. Indicate whether discussions/negotiations are necessary or why they will generate a better value to the Government.

The RFP contained the solicitation provision at FAR 52.215-1, which notified offerors that the Government intends to evaluate proposals and award a contract without discussions. This provision

provided incentive to offerors to provide in their initial proposal their best terms from a cost or price and technical standpoint as there may not be an opportunity to revise their proposals. Discussions are not necessary in this acquisition as the SSEB found no non-cost issues that could be improved or addressed with final proposal revisions, and no potential cost/price improvement since this a cost reimbursement pricing arrangement. Also, Northrop Grumman is (b)(3), cost Offeror among (b)(3), (b)(4) submissions received, and therefore no realistic opportunities exist that would change the source selection decision.

C. Organizational Conflict of Interest (FAR 9.5): No offerors identified potential OCI issues in response to the RFP and no Organizational Conflicts of Interest are anticipated.

SECTION VIII – PRE-AWARD COMPLIANCES (If competitive, document specific information for each offeror):

Check if N/A	DOCUMENT/APPROVAL CHECKLIST	DATE
	Review of Online Representations & Certifications Application (FAR 4.1201(c))	Verified 05 March 2019
	Determination of Responsibility (FAR 9.103) and financial stability (FAR 9.104-1(a)).	Verified 05 March 2019
X	HCA Waiver of Cost or Pricing Data (FAR 15.403-1)	
X	Certificate of Current Cost or Pricing Data (FAR 15.406-2)	
X	Approved Make or Buy Plan (FAR 15.407-2)	
	Contractor's Estimating System determined acceptable by ACO (DFARS 215.407-5)	See Table 4 on page 7
	Pre-Award Disclosure Statement - Cost Accounting Practices and Certification (FAR 15.408)	See Table 4 on page 7
	Contractor's Accounting System determined adequate by CAO/DCAA (FAR 16.301-3)	See Table 4 on page 7
X	Determination to make single award for IDIQ Advisory and Assistance Services over 3 years and \$11.5M (FAR 16.504(c)(2)(A) or (B))	
X	Subcontracting Plan determined adequate (FAR 19.705-4)	
X	Approval of SDB subcontracting goal less than 5% (DFARS 219.705-4)	
	EEO compliance requested/obtained (FAR 22.805).	Satisfied at Basic Contract level
	Disclosure Statement determined current, accurate and complete by ACO (FAR 42.302(a)(11)).	See Table 4 on page 7
X	Contractor EVMS verified compliant with DOD criteria by DCMA (DFARS 242.302(S-71)).	
	Contractor Purchasing System determined to be approved by the ACO (FAR 44.304)	See Table 4 on page 7
	Property System reviewed for acceptability by ACO (FAR 45.105).	See Table 4 on page 7
	Compliance with DOD Instruction 7640.02	Various: All contract audit findings and recommendations

		were considered in the cost/price evaluation.
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SECTION IX – POST-NEGOTIATION - Not applicable. Negotiations were not conducted. This is a pre/post clearance.